

JPRS 83486

18 May 1983

China Report

ECONOMIC AFFAIRS

No. 340

FBIS

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' ON DEVELOPING COLLECTIVE ECONOMY

HK091250 Beijing JINGJI GUANLI in Chinese No 3, 5 Mar 83 pp 18-20

[Article by Yao Fangduo [1202 2455 6995]: "Develop Collective Economy in Cities and Towns by Raising Capital Independently"]

[Text] In recent years, various localities in Anhui have raised capital to set up a batch of collectives in cities and towns in a bid to boost the economy and speed up socialist modernization. The establishment of such collectives aimed at alleviating the burden of state investment, mobilizing public enthusiasm for the "four modernizations," and at augmenting the income of the masses.

A survey on the collective economy in various localities of Anhui was conducted in July and August last year. According to incomplete statistics, the capital raised in various localities amounted to 53,704 million yuan, which made up 54.66 percent of total planned loans of the banks in the province. The ways of raising capital and distributing profit varied. However, they could be categorized into four main types:

1. To raise capital from employment. Capital raising of this nature is for employment and nothing else. Units which felt the need to raise capital fixed the amount of money to be collected from an individual looking for employment. An individual could register for employment if he promised to pay that sum. No bonus or interest would be paid for the capital raised. Appointment would be offered to individuals who passed the test, physical and political examinations. After two or three years' production, the capital raised would be returned to workers by installments. Bank-rates interest would be paid to those who could not be duly paid. Sixteen units including Fuyang shopping plaza, Hefei garment factory, Chu County textile mill, Chu County blanket sheet factory and Suzhou cotton and textile mill collected 13,536,000 yuan through raising capital. An individual had to contribute 500 to 5,000 yuan. A total of 4,263 new workers were recruited.

2. To raise capital as loans. Units which were in financial difficulty yet did not have the need to increase the number of workers used this method to collect capital. The debit and credit sides worked out an interest rate

and the date of payment. The interest rate was usually lower than that of the bank. Some loans were interest-free and were made as mutual aids. In some cases, banks were asked to act as trustees. For example, 17 existing enterprises in Anqing County raised 2,398,000 yuan from associated units for tapping their internal potentials and the effects were generally good. Some units borrowed from their own workers. For example, a silk knit factory in Taihe County collected 13,000 yuan loan capital from its workers and purchased equipment urgently needed to boost production.

3. To raise capital as share capital. People contributed their shares on a voluntary basis to run cooperatives. However, shares of this nature were different from the capital raised from employment. In capital raising from employment, capital raising was only a condition for employment. It had nothing to do with the performance of the enterprises. In the case of capital raised as share capital, the share capital and the performance of the enterprises were closely related. The interests of individual workers and collective interests were bound together. Workers received bonuses only when their enterprises made a profit. For instance, the Guoqiang Shop in Bengbu, a joint venture of the industrial and commercial sectors, was run by school graduates. A capital of 14,000 yuan was raised. Each partner could contribute 500 yuan at most. Thirty-six school graduates were involved. Within one and a half years, the shop made a net profit of 120,000 yuan. Bonus was distributed to them at the end of the year. Every partner had to pay 5 yuan a month for his provident fund and could receive 1,200 yuan 20 years later.

4. To raise capital for joint venture. In this type of capital raising, both parties had to invest and they would run a joint venture. There were two methods of profit distribution in this type of capital raising. One was that both parties invested in the joint venture, and they appointed an equal number of staff to form the board of directors and management. After the provident fund and public welfare fund were deducted from the profits after tax at the year end, profits would be distributed in accordance with their proportion of investment. The other method was for existing enterprises to raise capital for expansion and reorganization. Investors only had to send representatives to supervise, as reorganization was completed and began, they would get a certain amount of profits as agreed on and get back the amount they invested yearly. There were various forms of joint ventures. According to the statistics of Anqing County, joint ventures established on raised capital included: 16 industrial joint ventures established with capital raised from industry, with new capital amounting to 19.95 million yuan; 6 industrial enterprises established by industrial and agricultural sources with agricultural investment amounting to 3,878,000 yuan; 7 shops jointly established by two units with investment amounting to 1.91 million yuan.

Social capital raising was the temporary transfer and centralization of the right of use of capital. It was a good way of raising capital from the masses for construction. There were four sources of capital:

1. The balance of the legal income of workers. Fragmentary capital for daily consumption was collected and transformed into capital for production construction. According to surveys, capital raised from individual workers amounted to 4,395,000 yuan, 8.2 percent of the total amount of capital raised.

2. The right of use of the capital of state enterprises' retained profits, enterprising funds, bonus funds and public welfare funds, and the right of using the budgeted foreign capital of the state enterprises, consumption funds and resettlement fee for school graduates. According to incomplete surveys, capital raised from this source amounted to 28,234,000 yuan, 52.57 percent of total capital raised.

3. The idle capital of all collectives. The fragmentary and idle provident funds and public welfare funds in various collective enterprises (including joint enterprises established by school graduates) were collected and loaned to important construction units which were in urgent need of capital, provided that this would not affect the expansion of reproduction and public welfare services of the units. According to surveys, collective capital collected amounted to 12,663,000 yuan, which made up 23.57 percent of the total capital raised.

4. The idle capital in the rural areas. We surveyed 13 industrial and agricultural joint enterprises and found out that investment from agricultural sources amounted to 8,412,000 yuan, which accounted for 15.66 percent of the total capital raised. The suburban communal brigades of the cities of Hefei, Anqing, Tunqi, and Dangshan Counties had raised capital to construct theatres, hostels and restaurants to enrich the cultural life in the cities and ease the tension of travellers staying in the municipalities.

Undertakings established by capital raising was the creation of the masses. The reason for its relatively faster development is that it tallies with the following demands:

First, it has helped solve the unemployment of school graduates who were at loose ends as a result of the 10 years of turmoil. Their parents had been very anxious. The state is still confronted with problems at the present stage. However, the masses of the people were willing to solve unemployment through capital raising. They felt that it paid even though they had to borrow money to raise funds. Response to recruitment in localities was enthusiastic. The number of applicants often exceeded that of vacancies by several times.

Second, it tallies with the development of production and the booming of the economy. Since the 3d Plenary Session of the 11th CPC Central Committee, various localities have been enthusiastic about the development of local industry. They were, however, handicapped by the shortage of capital. For instance, Fuyang City had yearned to build a shopping plaza for 20 years. Two attempts had been made but failed because of insufficient capital. This

time capital was raised from the masses of the people. Everyone paid a share of 5,000 yuan. As a result, 1.2 million yuan was raised. Finally, the shopping plaza was built and their dream realized.

Third, consumption is readjusted, the public have idle money with them waiting for consumption. It is realistic and beneficial to the readjustment of supply and demand if such fragmentary capital is raised for construction.

Raising capital independently is a supplement to socialist capital accumulation. It benefits both the state and its people. At the same time, it is a new and strategic task which has to rely on the guidance of the state's plan to resolve problems that are likely to come up.

First, to act according to one's capability. The effect of public capital raising on the balance between saving and credit is of public concern. Judging from the present performance, the effect is not great. For instance, the people in Fuyang have raised more than 2 million yuan in the past 2 or 3 years. The amount of bank deposits at the end of 1981 had increased of 2.6 times as against 1978, 68 percent greater increase than that of the province. However, capital raising has quantitative limits and problems in planning and coordination. In raising substantive amount of capital in particular, we have to act according to our capability. The circulating capital of new enterprises should be included in capital raising plans, with a view to preventing credit inflation.

Second, pay attention to the balance among plans for basic construction. In raising capital emphasis should be placed on reforming old enterprises and tapping their potentials, on small-scale expansion, and on reconstruction. Small shops and factories under collective ownership which require little investment and produce instant effect should also be established. We have to exercise our discretion when capital raised is used for major construction programs. Working procedures have to be submitted and approved as appropriate for capital construction and basic construction plans should be submitted and approved to prevent repetition and excessive extension of the basic construction frontline.

Third, capital raised from the public with a view to recruiting workers can be taken as a formal way to create employment. However, such capital raising has to be planned in accordance with the actual situation. Plans of such a nature should be examined and approved by leading departments concerned. Applicants should go through a proficiency test and only those who are qualified will be offered appointment, so that the quality of new workers can be ensured. At present, peasants who work in joint enterprises are restricted to vegetable growers who do not have land to grow vegetables. Moreover, their registered permanent residence, identity and grain ratio should remain unchanged. However, the general benefits of peasant-workers in joint enterprises should be the same as those of urban workers. Attention should also be paid to their enjoyment of a provident fund.

In addition, the state has to lay down a set of priorities concerning the repayments of capital with interest and tax deduction and exemption in a bid to help develop enterprises established with raised capital.

NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON 'DAS KAPITAL', SOCIALIST ECONOMY

HK070705 Beijing JINGJI YANJIU in Chinese No 3, 20 Mar 83 pp 3-10

[Article by Ma Jiaju [7456 1367 7467]: "'Das Kapital' and the Theory and Practice of Socialist Economy"]

[Text] In commemorating the 100th anniversary of the passing of Karl Marx, economic theoretical workers quite naturally think of "Das Kapital," the crystallization of the lifelong energies of this great teacher.

As everyone knows, "Das Kapital" is not purely a compilation on politics and economics and not only comprises rich philosophical contents in the midst of economic theories but also clearly explains the basic theory underlying scientific socialism, being a sort of an encyclopedia on Marxism. The most important point is: "Das Kapital" presents an irrefutable and all-round exposition of the theory of the inevitable elimination of capitalism and the inevitable growth of socialism. "The death knell of the private ownership system of capitalism will be sounded. The exploiters will be exploited." What Marx had predicted about this unprecedented historical change and reform first took place in Russia less than 35 years after his passing. And today, in the world's vast territories including our own country, socialism has become a reality in our everyday life. There is no better assessment than historical development itself than can make people believe in "Das Kapital's" highly scientific character and enormously revolutionary prestige.

What we are currently most concerned with is that "Das Kapital" possesses vast guiding significance on the practice of socialist economic theories and socialist construction.

I

Just as the author, in the preface of the first edition of the book, explained: The objects of study in "Das Kapital" are the "capitalist production forms and the production relations and exchange relations that fit into them." The purpose is to find out the law of the economic movement of a capitalist society. If it is claimed that among all the socioeconomic forms that have existed in history none has been studied in such a penetrating and detailed manner as capitalism, then it may be said that of the myriads of books and literature on political economy, none is comparable to "Das Kapital" in making

such a penetrating study on a special socioeconomic system. Moreover, even speaking purely of the significance of economic theories, "Das Kapital" has exceeded the limits of a study on capitalist economy. This is because a scientific analysis of the economic form of a capitalist society must provide guidance and lead to an understanding of its opposing form, namely, socialist economy. To quote Karl Marx's words, it means that "this correct study can similarly foretell the factors for ultimately discarding the modern form of production relations (meaning the capitalist form), thereby foretelling future signs and movements of changes and alterations." (Marx: "Collected Works of Marx and Engels, Manuscript on Economics (1957-1958)," vol 46, Book I, p 458) In reality, "Das Kapital" not only revealed that capitalism was unable to escape ultimate extinction and would be replaced by an even higher socioeconomic form but also made a concise and accurate analysis of socialist economy.

For example, in the section on commodities in Chapter 1, Volume 1, Marx touched on the projected "united body of free people" and made an analysis of this united body touching on such phases as social character, distribution of products, (including distribution of consumer goods according to work), and the function of labor time in organizing the economic life of the society. He also pointed out: "Here labor time will play a dual role. On the one hand, the planned distribution by society of the labor time serves to regulate an appropriate ratio between various labor functions and various needs. On the other hand, labor time serves as a measurement stick of the ratio of contribution the individual worker makes to the common labor pool and also the share of his individual consumption of the common products." (Marx: "Das Kapital," People's Publishing House, 1975 Edition, vol 1, p 96) Thus, it may be said that the book has embodied, though in a very abstract manner, the general and principal features of the economic structure of a socialist society.

Again, for example, volumes 2 and 3 of "Das Kapital" carried the following observation: "Only in cases in which production is under the actual and pre-meditated control of the society, will society effect a liaison between the amount of social labor time required for the production of certain articles and the scale required of the production of these articles to meet the needs of society." (Ibid., vol 3, p 209) "After the elimination of the capitalist production form, and under the condition of the continuance of social production, price fixing will continue to play a role of control in the following: regulation of the labor time and distribution of social labor between the various kinds of production. Lastly, accounting, which has a bearing on all these matters, will play a much more important role than before." (Ibid., p 963) "If we assume that the society is not a capitalist society but a communist society, then, first of all, monetary capital will completely disappear as a result of which the camouflage in transactions generated by monetary capital will also disappear. The problem will then be simplified as follows: society must first make an accurate estimate beforehand on how much labor, means of production and means of subsistence it can afford to use on certain production departments without suffering any loss or damage—on departments such as railroad construction which, over a prolonged period, say a year or more, cannot offer any means of production, or means of subsistence, or any useful results but will absorb a certain amount of labor, means of production and means of subsistence," and so on. (Ibid., vol 2, p 350)

All this has reference to problems of planned economy and economic accounting under socialism and communism. We are aware that at the time Marx had in mind the abolition of commodity production at the first stage of communism. However, he also repeatedly pointed out: "Even if exchange value has been eliminated, labor time continues to be the creative substance of wealth and provides the measuring stick for the expenses required for wealth production." ("Collected Works of Marx and Engels, Theories on Surplus Value," vol 26, Book III, p 282) This is because value, under certain historical conditions, is only a special form of labor consumption necessary for the production of articles. Following historical changes, this form will disappear but its constituent factors (what Marx mentioned above as the factors for price fixing) continue to exist and continue to play an important role in the entire economic life, including the function of production regulation. For this reason, Marx gave it special attention. Despite the continued existence of commodity production in today's socialist economy, fundamentally the applicability of the principle of these observations is not in the least affected.

Again, for example, the problems of necessary labor and surplus labor under the socialist and communist systems all the time had occupied Marx's attention. He wrote: "Only in the elimination of the capitalist production form is it possible to place the restriction of a working day on requisite or necessary labor. However, under the condition of other conditions remaining unchanged, necessary labor may enlarge its own scope. This is because, on the one hand, the workers' living conditions have gradually improved and their livelihood demands have daily increased, and, on the other hand, a portion of the current surplus labor is incorporated into necessary labor, that is to say, necessary labor for the formation of social reserve funds and social accumulation funds." (Marx: "Das Kapital, vol 1, p 578) This is to say, under the systems of socialism and communism, the whole portion of the labor of workers is directly or indirectly devoted to satisfaction of the workers' own needs, and, under the situation of the former class society of a small number of exploiters consuming, without compensation, the surplus labor will no longer exist. On the other hand, in "Das Kapital," Volume 3, Marx repeatedly pointed out that surplus labor would continue to exist even after elimination of capitalism. (Ibid., vol 3, pp 968, 990, 992-993) This is meant to say, that by that time the portion of labor required for fulfilling public needs such as social expanded reproduction and social insurance schemes, and so on, though also needed by the workers themselves, must after all be differentiated from labor used on fulfillment of the workers' individual consumption needs. Hence, in this context, it may still be termed surplus labor. Naturally, herein the social nature and the reciprocal relations of necessary labor and surplus labor have effected a basic change in comparison with conditions under a capitalist society. This denotes the difference in production objective between socialism and capitalism.

The above were all very incomplete examples. It is true that they were related to a socioeconomic system which was nonexistent at his time and there was no way to make a detailed study of it, but Mar. did not stop at just giving a brief description of its special features on the surface. Rather, within the realm of possibility in economic research, he made a pre-estimate of the possible internal structure of such an economy and based his steps of procedure thereon.

Naturally, in "Das Kapital" the discussions on socialism are not confined to places where in socialism is specially and directly mentioned. Aside of these places, "Das Kapital" can still help us to acquire a knowledge of socialist economy from the following three directions:

First, the capitalist economic system is only a special social form borrowed by social material production to carry out its operations; it represents a sort of social relations in production. Insofar as the direct production process is concerned, the process of value increment is only a form of labor process. What the various sectors of capitalist economy reflect are the constituent parts of the capitalist form seen as a whole but they themselves are all partial and separate forms. And the contents found in these forms all appertain to the materializing process of social reproduction, being all of a general nature. True, at the different stages of historical development, the special operation forms governing social material reproduction were not determined by the general factors but were directly determined by the special forms they adopted. But this does not mean that it is entirely not important or necessary to understand the various important factors of the general materializing process in social reproduction or of their reciprocal relations or to understand those laws of a general or common nature. This is because in the final analysis the various special economic forms are also under the restriction of their material contents and the special laws themselves constitute only the various necessary forms borrowed by the general laws, under different historical conditions, to perform their role. In reality, in 1857 when Marx was first considering the contents of the political and economic compilation on which he had already started writing and which subsequently became the "Das Kapital," he was contemplating putting in the first chapter the contents of "the general and abstract rules which more or less appertain to all social forms." (Marx: "Collected Works of Marx and Engels, Preface to Critique of Political Economy," vol 2, p 111) In the "Preface to Critique of Political Economy" which he had just finished writing, he also gave a brief description of these contents. Subsequently, although the chapters in "Das Kapital" did not exactly follow this arrangement, in the analysis of capitalism, reference was necessarily made to what belonged to the sphere of the materializing process, and not only did the special reflect the general but also in certain places direct discussions were made on the contents of the general. We may cite such examples as the analysis of use value and of the labor process, and the discussions on the factors determining the labor productivity rate, its natural basis and on the general material conditions for expanding reproduction. We may also cite those things which have suffered changes in the different stages of historical development but which did not belong to the side of the social form of production but to the materialization process of production, that is, the production form in the guise of labor form. What I have reference to here is the analysis of cooperation, division of labor and mechanized large-scale production to which in volume 1, 3 chapters are specially devoted. In the book, they are the topics of discussion in their capacity of being a special material production form adopted by capitalism as a method of producing relative surplus value primarily by raising the labor productivity rate. Nevertheless, if we turn to the theme that because of the fundamental contradiction arising between social large-scale production and the private ownership system under capitalism, capitalism is

destined to the road of destruction whereas socialism will be built precisely and will grow on this material foundation, then we can know the significance of this portion of "Das Kapital" on the study of socialist economy.

Second, capitalism represents the most developed form of commodity production. Naturally, in Marx's study of capitalist economy he inevitably included the general principles covering commodity production and commodity circulation. In "Das Kapital," first and detailed coverage was given to a simplified presentation of the forms and regulations covering commodity production and commodity circulation as the most general basis of capitalism. The coverage employed an analytical and encompassing method of concrete dialectical materialism in lieu of pure abstractionism. In addition, certain other problems, though analyzed along with the special process of capitalism, are also included in the discussions on the general principle of market mechanism as related to commodity production--problems such as the value formation process in connection with the process of value increment and the topics of market competition, determination of market value and market prices, and so forth, discussed in volume 3. Although socialist economy cannot be construed as a category of commodity economy (since its most basic relation is not commodity relation), yet because at the present stage of socialism, a unified public ownership system covering whole society has not yet been realized and commodity production is still in existence, these general principles concerning commodity production found in "Das Kapital" are all more or less applicable.

Third, since both socialism and capitalism are based on socialized large-scale production and since commodity production continues to exist at the present stage of socialism, these two diagonally opposed economic systems cannot but show certain phenomena more or less resembling each other. For example, the circulation and turnover of funds in socialist enterprises are similar to those in capitalist enterprises. Concerning the functions of socialist commerce, banking and credits and loans, if we disregard the dissimilarity in the nature of the capital funds which they use and in the objects which they serve, they are comparable to those under capitalism. As for social capital reproduction and the problem of relations between categories one and two of products in the circulation process, on the one hand, they reflect the common demands generated in the materialization process of socialized large-scale production and on the other hand they especially demonstrate the reciprocally compensatory relations of the various constituents of the capital value of the two categories of commodities. Likewise, in socialist economy the problem of compensation of the various portions of the value of funds also exists. All this shows that in "Das Kapital" some of the contents do not belong to the general labor process or to general commodity production but are still applicable to socialist economy under certain conditions.

Today, socialist economy is already an object on which we can carry out research and study directly on the basis of the experiences acquired in actual practice. But the discussions and materials mentioned above and the relevant discussions and discourses found in Marx's and Engels' other writings such as "Critique of Gotha's Program," "Anti-Duhring" and certain letters and documents still constitute an important portion of socialist economic theories. First of all, science has a foretelling nature. If it can be said that in natural

science, before the actual discovery of a certain celestial object, or a certain chemical element, or a certain particle, scientists, based on relevant materials in their possession and upon theoretical analysis, not only frequently can foretell their existence and even deduce their basic condition, then it is not at all surprising that similar conditions can prevail in Marxist social sciences. In particular, at the present stage of historical development, socialist economy still possesses certain special features, the effects of which cannot be completely or correctly estimated beforehand, yet it has been established on the basis of certain basic principles of scientific socialism. Therefore, an important task before us at present is how to further explore into, and penetratingly study, this valuable theoretical heritage which Marx has bestowed on us.

II

Anything that possesses theoretical significance for an understanding of socialist economy also certainly possesses a realistic guiding significance for actual practice in socialist economic construction.

Indeed, it has not been accidental that in the past 2 years "Das Kapital," Volume 2, has captured special attention and has aroused the deep interest of many comrades in its study and research. Since the principles governing capital circulation and turnover can help in understanding socialist capital movements, then an understanding of these theories surely can play an important role in improving enterprise management and control, accelerating capital turnover, and thereby improving economic results. Similarly, discussions on the necessity of maintaining a definite proportionate relationship between the first and second categories of products in social capital reproduction and on the effects, in a state period, on the entire economic life from investment items involving a prolonged construction period and so on, can also help us to sum up in a better manner the past historical experiences and lessons of the great imbalance in the proportionate relationships of the national economy and encourage us to perform a good job of economic readjustment.

Conditions of this kind are not confined to Volume 2. Many similar instances may be found in volumes 1 or 3. However, if we see in "Das Kapital" only this or that principle which can be separately and directly applied to actual practice at the moment, then surely we are guilty of making too narrow an assessment of the practical significance of "Das Kapital." Moreover, what practice in socialist economic construction demands of economic theoretical work is not confined solely to the solution of this or that individual problem. Rather, first of all, it requires an overall strengthening of research on the socialist economic system and on the processes of the socialist economic movements and thereby giving us a penetrating and integrated theoretical understanding. In reality, if such an understanding is lacking, the satisfactory solution of individual problems will be difficult. Naturally, "Das Kapital" cannot directly fulfill the above-mentioned demands. To provide socialist economy with an integrated theoretical appearance is the task of the socialism department of political economy. But "Das Kapital" definitely can help us in making an integrated study on, as well as to improve, the socialism department in the study of political economy, so that it may more effectively serve actual practices at the moment. In my opinion, in handling the problem

on how to effect a close alignment between "Das Kapital" and actual practice in socialist economic construction, we should place emphasis on the indirect nature of the alignment, that is, using the socialism department of political economy as the medium, and also on the integrated nature of the alignment, that is, without specially dwelling on or explaining certain minor issues but helping us to achieve a better understanding of socialist economy as a whole.

As we all know, any socioeconomic form constitutes an organic entity in which the various sectors, various procedures and various factors are in a state of liaison with each other but also restrict each other. Just as Marx said: only in its being reflected in theory as a "dialectically decomposed whole" (Marx: "Das Kapital: "Collection of Letters, Marx-Engels: Letter to Engels, 31 July 1865," p 196) are we able to clearly understand its various operation laws and acquire a penetrating understanding of it. If it is contended that an understanding of the whole cannot be isolated from an understanding of its various constituent parts, conversely it can be said that an understanding of the parts cannot be separated from an understanding of the whole. This applies to capitalist economy and more so to socialist economy which advocates public ownership of the means of production. For example, circulation is an indispensable sector in socialist economy and performing an even better job of circulation is an extremely important task in accelerating the overall development of socialist economy. To achieve this object, we must first make a penetrating study of the circulation process and the laws governing it. This is precisely indivisible from having an understanding of socialist economy as a whole. It is true that to regard circulation as referring to commodity circulation and currency circulation is rather simple. The problems concerned are merely the circulation speed of the commodities and currencies and the relation of their respective volumes. Under the capitalist system, there is the problem of a continuous fluctuation of prices, but in a socialist society prices are under planned control. The contradictions between the supply and demand of commodities are not principally denoted by fluctuating prices but by the commodities being out of stock or being stockpiled. However, viewed from another angle, the circulation sector is extremely complex. Take currency circulation for example: It comprises the receipts and expenses of various sectors including the enterprises, residents and national finance. All of them possess their own special features and rules. At the same time, they create their own reciprocal conditions and measures of mutual restriction. Moreover, they all have connections with bank credits and loans and combine together to form an endless stream of currency movements. Currency circulation is a manifestation of commodity circulation, while commodities from the production sector, pass through the circulation lanes and enter into the consumption area or reenter into the production sector (production consumption). Hence, speaking about circulation itself, currency movements only represent in one form or another movements of material resources and represent their exchange and distribution. Speaking from the standpoint that circulation must be based on production as the logical premise and link together production and consumption, commodity circulation and currency circulation become indicators showing the condition of production and the problems existing therein. For example, if social production is proportionately imbalanced, first of all, it will be directly manifested by an impediment to circulation. In reality, it may be said that movements of the national economy are centrally reflected here. Despite the simple nature

of this type of reflection and its [words indistinct] the relations between commodity and currency, yet, just like a ray of light passing through a prism is decomposed into seven color rays, an analysis of the phenomenon of circulation can enable people to understand the underlying complex causes. Moreover, circulation does not purely reflect production in a passive sense. Rather, at the same time it exerts a rather great reaction on the latter, because production, and recurring production, necessarily uses circulation as the medium. In this regard, currency circulation alone exerts a rather great influence. Under socialist conditions, because of the adoption of the form of commodity production, currency also plays the role of a catalytic agent in the union of the material factors in social production. Under the circumstances of there being no production factors available, naturally we cannot make use of currency to create production from the air. If the factors are available but resort is not made to currency to join them together, then there can hardly be any production. In particular, the distribution and re-distribution of funds are centralized in credits and loans from socialist state finance and state banking institutions. If such a distribution is not a passive distribution of material objects but follows the tactics of a real distribution of material objects, then the reaction of circulation on production will be even greater. All this shows that in socialist planned economy, with the exception of the production and distribution of a portion of the means of production and the means of subsistence which are essential to the national economy and the people's livelihood and particularly with the exception that backbone enterprises with a bearing on the entire economy must be subjected to mandatory planning, it is extremely important to utilize various economic levers, by means of circulation as the medium, to regulate production and to guide the enterprises to obey the state plan. In its midst, an indispensable link is a firm grasp of the policy of issuing and withdrawing currency appropriately and strict regulation of the volume of currency in circulation. Obviously, to perform well this task requires that people must have an overall and thorough understanding of the internal relationships of socialist economy, its social structure, its various processes and the mechanism evolving therefrom.

Insofar as we are concerned, to achieve a complete understanding of socialist economy and its social structure and various processes is a theoretical knowledge particularly needed in actual practices in the reform of the economic structure.

The economic structure of socialism is only a concrete form adopted by the basic form of socialist economy. The basic system of socialist economy in different socialist countries should be alike, but due to the different concrete conditions of the countries, differences, and very great differences, of various kinds have emerged. Marx, in discussing a social system under class exploitation, well said: "Similar economic foundations, similar in the sense of major conditions, may, because of innumerable dissimilarities in experiences, natural conditions, racial relations, historical influences, external influences, and so on, display signs of inexhaustible changes and differences in varying degrees. And these changes and differences in degrees are understandable only through an analysis of the facts and experiences derived therefore." (Marx: "Das Capital," vol 3, p 892) This also applies to socialism. Socialist economic structure and the basic system of socialist

economy both belong to the realm of production relations. The latter differs from the former in "the administrative levels of the entire production relations proceeding from the inside to the outside." The functions of a socialist economic structure are to enable socialist economy to be concretely organized into an integrated social organ and to make concrete regulations covering its entire operation mechanism and procedure of control. Hence whether a structure is perfect or not has a direct bearing on whether or not the superior nature of socialist economy can be brought into full play and possesses extremely important influence on the development of the national economy. A relatively perfect economic structure should enable socialist economy to play a self-protective role and enable socialist production relations, on the basis of continuous improvement, to enter into reproduction; it ensures the workers, under the party's leadership, to realize their rights of decision-making and control of the economy; it can effectively regulate the distribution of society's total labor power between the various departments of the national economy, better realize the objectives of socialist production, and promote the planned and proportionate development of the national economy; it can combine well the tri-party interests of the state, the collective and the individual and enable economic development to acquire a strong motive power; and it can promote the continuous improvement of the labor productivity rate and economic results. Only that economic structure which conforms to the basic system of socialist economy and to the concrete national condition of a country can meet these demands. Our establishment of a socialism which possesses special Chinese features should embody the establishment of an economic structure with special Chinese features.

For this reason, we must carefully study the various concrete conditions of our country and sum up the experiences in actual practice over the past 30 years in our country, otherwise we cannot talk about making our structure more adaptable to China's national condition. However, simultaneously we should further strengthen the study of the political economy of the basic system of socialist economy and should deepen our understanding of its basic organization. As everybody knows, an economic structure itself should be an entity. Although it comprises a series of concrete systems which as the system of planned control, financial system, price system, labor and remuneration system, and so on, yet all these concrete systems are not separately independent. They should be mutually-related, just as the physiological structure of animals is subject to the control of the law of interrelations. The various component parts of the economic structure must separately conform to the special demands of the basic system of socialist economy. For example, the salaries and wages system should in all possibility satisfactorily meet the demand of distribution according to work; and the planned control system should adequately reflect the special feature that although the socialist economy is a system advocating the public ownership system the present circumstances are that a unified public ownership system covering the whole society has not yet been realized and commodity production has continued, and so on. At the same time, the unified and integrated nature of the economic structure formed by these separate concrete systems is determined by the integrated nature of the basic system of socialist economy. Therefore, in all events, a complete and penetrating understanding of the basic system of socialist economy at the present stage and knowledge of its internal structure and its various relations are absolutely indispensable to actual practices in

reforming the economic structure. As a matter of fact, in recent years, in the discussions on problems concerning the economic structure, oftentimes people have reverted to discussions on the basic special features of socialist economy and thus inadvertently reveal the above need. Naturally, insofar as the work on reform of the structure is concerned, we must study certain general theoretical problems concerning socialist economic structure itself, such as the concept of socialist economic structure and the general factors of its composition, functions of the economic structure, standard for the demarcation of economic structures of varying types, conditions determining the differentiation of the structures, and the demands of a sound economic structure, and so on. But this general type of theories on the socialist economic structure must be built on an integrated theoretical study of the basic system of socialist economy.

In order to solve the problem of such an important mission in scientific research, guidance from "Das Kapital" is indispensable. This is because "Das Kapital" is the most glorious example of making an integrated study of an economic form and revealing the various organic relations of its internal composition. Although the concrete objects of research may be different, the enlightenment and help it can render cannot be procured from any other sources.

III

In intensifying the research, under guidance of "Das Kapital," on the basic system of socialist economy, we must combine together for the purpose of the research the experiences in practice on socialist economic construction and the conclusions reached on socialist economic theories in the discussions over the past several decades. The experiences should not be confined to those of our country alone but should include the experiences of other socialist countries, since political economy reveals only general principles.

In this kind of research, the assistance that "Das Kapital" can offer is not confined to its theoretical contents on socialist economy. Rather, its more important contribution appertains to methodology. That "Das Kapital" can offer us guidance in methodology is because the socialism portion of political economy is especially weak in this regard.

It is true that so far the socialism portion of political economy has already accumulated many fruitful experiences. However, up to now, they are still imperfect and are not at all comparable to the capitalism portion of political economy. It still cannot show a systematic and complete understanding of the socialist economic system or to reveal in a penetrating and fuller manner the working of the various laws governing its operation. This hardly conforms with the demand of actual practice in socialist economic construction. We should not conclude that since socialist economy has been self-consciously founded by the people, it is ipso facto fully understood. In reality, the establishment of socialist economy itself is the result of man's activities in observance of objective laws, and once established, it exists objectively and operates according to its own laws. It is mankind's creature and mankind must acquire a full knowledge of its laws in order to be efficient in running it. But up to now, insofar as we are concerned, there are still several parts of the mechanism of socialist economy which we still do not fully comprehend. Far less is our knowledge of it as an integrated body.

This state of affairs may be said to have been due to certain objective causes, namely, the history of socialist economy since its birth is, after all, a short one. This naturally exerts much restriction on the studies of it. On the subjective side, the cause is that there has not been any other analysis of comprehension like "Das Kapital" which has the background of a large volume of facts and materials and employs the logical method of dialectical materialism, proceeding from the abstract to the concrete and revealing, in theory, the entire inner structure of socialist economy.

In the use of "Das Kapital's" methodology as a dialectical method in materialism in the field of political economy, one notable and especial feature is its insistence on internal observation and on dissecting for analysis the structure of a socioeconomic form. It is a method which possesses identity with the object of research and the theoretical contents. The close logical structure of "Das Kapital" is precisely the crystallization of the results of such a method of research. It is the refelction in thought of the entire structure of the object of research. In the foregoing, I have repeatedly said that we must strengthen in a composite manner the research on socialist economy and that we must improve and perfect the socialism portion of political economy. In so doing, we must first of all depend on this methodology.

Today our country is in a period of a gigantic reform. In order to facilitate the smooth progress of socialist modernization a program of reform extending from the economic structure to the state structure and to various other sectors has been irresistibly progressing. Under the party's leadership, millions of people have continuously created new experiences in the course of actual practices. This extremely good situation has made new and higher demands on economic theoretical work. On the one hand, practice needs the guidance of theory. On the other hand, if theory cannot continuously enrich and develop itself on the basis of summing up of experiences, then it can hardly maintain its youthful vitality. At this time of commemorating the 100th anniversary of Marx's passing, it is our firm belief that the relevant theoretical contents and methodology in "Das Kapital," along with improvement and perfection of the socialism portion of political economy and with the close union with actual practice, will accelerate with great force the progress of our country's socialist economy to an overall hightide of development.

CSO: 4006/494

ECONOMIC PLANNING

NINGXIA'S HEI BOLI REPORTS ON 5-YEAR PLAN

HK032343 Yinchuan NINGXIA RIBAO in Chinese 21 Apr 83 pp 1, 4

[Report: "Solemn Opening of First Session of Fifth People's Congress of Ningxia Autonomous Region"]

[Text] The first session of the Fifth People's Congress of the Ningxia Hui Autonomous Region was ceremoniously opened in Yinchuan yesterday morning. Some 430 people's deputies from various fronts in the region attended the opening ceremony with happiness and a sense of responsibility as masters of the country. A warm atmosphere of gravity, unity and democracy filled the conference hall.

The opening ceremony was presided over by Ma Qingnian, executive chairman of the session.

An opening speech was given by Zheng Junxian, executive chairman of the session. (The full text will be carried separately.)

The session first listened to an investigation report on the qualifications of the delegates to the Fifth People's Congress of the region made by Li Maozhao, head of the credentials committee under the Standing Committee of the 4th People's Congress. Entrusted by the people's government of the autonomous region, Hei Boli, acting chairman of the autonomous region, made a report to the session on the 6th 5-Year Plan for national economic and social development in Ningxia. The report was in three parts:

The first part of the report dwelt on the fundamental task of the Sixth 5-Year Plan. It said: The 12th CPC Congress has determined the strategic aim, focus and steps for the economic construction of our nation. It is required that under the premise of continuously achieving better economic results, we should strive to quadruple the total value of national industrial and agricultural output between 1981 and the end of the 20th century. It is required that in the 5 years from 1983 to 1987, we strive to realize a fundamental change for the better in the financial and economic situation in our nation, and to win decisive victory within the period of Sixth 5-Year Plan. In his report on the Sixth 5-Year Plan made at the Fifth Session of the Fifth NPC, Premier Zhao Ziyang further explained the principle and task of the Sixth 5-Year Plan and the chief measures for accomplishing the

5-year plan in an all-round way. In accordance with the principles and tasks determined by the CPC Central Committee and the actual situation in the region, during the period of the Sixth 5-Year Plan, the task and target of national economic and social development in our region is to actively bring into play the superiority of our natural resources and make full use of the existing foundation; to further implement and carry out the principle of readjustment, restructuring, reorganization and upgrading; to guarantee the continuous growth of production, construction and circulation of commodities on the basis of improving economic results, and promote new development in science, education, culture and public health, and the gradual improvement in the living standard of the people, and to create favorable conditions for national economic and social development during the period of the Seventh 5-Year Plan. It is planned that during the period of the Sixth 5-Year Plan the total value of industrial and agricultural output will increase by 19.7 percent, with an average annual increase of 3.7 percent. The total of investment in fixed assets is planned to be 1.47 billion yuan. Several projects of energy resources, raw materials and light and textile industries are to be built and some of the enterprises will undergo technological transformation. It is planned that the consumption level of the urban and rural residents will rise at an average of 33 percent per capita, with an average yearly increase of 5.9 percent. The Sixth 5-Year Plan is a plan of stable development amid reform and readjustment, a plan to further promote socialist modernization in our region, and a plan to enable continuous improvement in the living standard of the people. The accomplishment of this plan is of vital importance for transforming the backward economic state of our region. The report goes on to explain some key issues of concern: on the speed of development in industrial and agricultural production under the premise of improving economic results, on the scale of investment in fixed assets, key projects and technological transformation in enterprises; on the development and improvement of undertakings in education, science, culture, public health and physical culture; on the people's living standards and control of the growth in population, and on finance, trade and market prices.

The second part of the report dealt with the implementation of the Sixth 5-Year Plan in the previous 2 years. The report stated: Two years have passed since the implementation of the Sixth 5-year Plan and things have been changing for the better. In 1981 a bumper harvest was reaped in agricultural production; in industrial production, the decline was comparatively great as a result of insufficient production task for heavy industrial products. In 1982, there was a decrease in agricultural output compared with the previous year, as a result of natural disasters in the mountain areas; but on the whole, the region still achieved a fair harvest, and there was a notable revival in industrial production. The total value of agricultural and industrial production in 1982 was 2,188 million yuan, about equal to the level of 1980.

The report stated: In 1981 there was a 6.1-percent increase in the total value of agricultural and industrial output compared with 1980, and in 1982, an increase of 0.8 percent compared with 1981. There has been a continuous growth in the production of industrial consumer goods. As a result of readjustment in the past 2 years, production in heavy industry

has begun a revival; in particular, the production of aluminum ingots, tires and machinery has increased by a large margin. The total value of industrial output dropped by 14 percent in 1981 compared with 1980, but it rose by 16 percent in 1982 compared with 1981, and was close to the level of 1980. On the capital construction front, the period of project completion has been shortened, key construction projects guaranteed and new achievement made. Completed investment in capital construction in 1981 and 1982 was respectively 201 million and 273 million yuan, both fulfilling over 95 percent of the plan. On the commercial front, the exchange of commodities between urban and rural areas has been further facilitated; trading among nationalities has been strengthened; management has been improved and commercial networks and points have been increased in number; and all this has played an active role in supporting production and construction and in improving the living standards of the people. The tendency of decline in financial revenue has started to change. Undertakings in education, science, culture and public health have undergone new development. There has been a continuous rise in the personal income of the people, both in the urban and rural areas.

The report said: All the facts mentioned above have proven that achievements have been scored in the readjustment of the national economy in the past 2 years, and the general situation is fine. However, certain problems remain to be solved, mainly: In agriculture, the development of diversified economy has not been fast enough; the principle for construction in mountain areas has not been seriously carried out; the change in production conditions has not been satisfactory enough, and the region's capability in fighting natural disasters has been rather poor. The situation of poor economic results in industrial production has not yet shown notable improvement; the number of enterprises suffering losses and the amount of loss has been great; the link between production and sale of some products has been weak; or the products have failed to meet the changing needs of the society, which has resulted in new overstocking of products. Work in commercial departments in supporting collective and individual operations, in opening new channels for circulation of commodities and in promoting the sale of agricultural and industrial products in the rural areas has not been effectively pushed; the growth of population has been too fast, and so on. These problems merit added attention, and it is vital for us to enhance our effort and solve them in a truth-seeking way.

The third part of the report dealt with the chief measures for realizing the Sixth 5-Year Plan. The report stated: We must fulfill in an all-round way the 6th 5-Year Plan in the next 3 years, and the key to this is to conscientiously turn economic work onto the track on focusing on improving economic results and actively and steadily step up the reforms in the economic system; to continuously persist in and perfect various policies of the party on rural work so as to ensure the continuous growth of agricultural production; to resolutely carry out readjustment and consolidation in the existing enterprises; to vigorously promote the technological progress of social production; to strictly control the scale of investment in fixed assets so as to guarantee key construction; and to strive to control the natural growth of population. The chief measures proposed in the report are: 1. Guarantee

the continuous growth of agriculture by relying on policy and science; 2. firmly grasp the investigation and consolidation of the existing enterprises, and strive to raise the level of management, 3. Forcibly spur the progress of technology and bring into full play the stimulating role of science and technology in economic construction; 4. Strictly control the scale of investment in fixed assets and ensure the completion of key construction projects and technological transformation in accordance with the plan; 5. Actively and steadily step up reform in the economic system; 6. Attach great importance to the development of intelligence and step up work among intellectuals.

The report stated: In order to realize the Sixth 5-Year Plan, it is necessary to thoroughly eliminate the ideological influence of "leftism" do away with the bindings of old frameworks and habitual forces, further emancipate the mind, be determined to carry out reforms, and combine the revolutionary spirit of daring to think and daring to act with the scientific attitude of seeking truth from facts. Starting from the reality of Ningxia as a nationality autonomous region, we must act in accordance with objective laws, continuously study the new situations, solve new problems, sum up new experiences and set up new regulations. The report said: It is necessary to stimulate to the maximum the revolutionary enthusiasm and initiative of the broad masses of workers, peasants, intellectuals and cadres, and blaze a trail of economic construction in accord with the characteristics of Ningxia.

The report pointed out: While getting a good grasp of building socialist material civilizations, it is necessary to get a good grasp of building socialist spiritual civilization. It is necessary to unfold in depth the activities of the "five stresses, four points of beauty and three loves." It is necessary to continuously carry on publicity and education in the party's policy on national minorities and the tasks in the work of national minorities. Developing socialist relationships among all nationalities and strengthening the unity of all nationalities is the vital guarantee for doing a good job of socialist modernization. It is necessary for all nationalities to have mutual trust, respect and support and to unite closely together, and to resolutely oppose any words or deeds that have a bad effect on the unity among all nationalities. It is necessary to respect the customs and habits of national minorities. This year we will be observing the 25th anniversary of the establishment of the autonomous region. In October this year, activities of "nationality unity month" will be unfolded in the region, and we will go all out to commend advanced units and good people and good deeds in promoting nationality unity, so as to further consolidate and develop the relationship of equality, unity and mutual help among nationalities. It is necessary to constantly carry out propaganda and education in upholding the socialist legal system, and further straighten out social order. At present, we should also do a good job in structural reforms in a resolute and orderly way.

In conclusion, the report said: After its approval by the regional people's congress, the Sixth 5-Year Plan will make the targets of struggle in the next few years for the people of the whole region more explicit and closely link our current work with long-term development. There are many favorable conditions for us to achieve this goal: There is the wise leadership of the

CPC Central Committee and the State Council; there is the correct road suited to national conditions in the modernization drive, which has been gradually established since the 3d Plenary Session of the 11th Central Committee; there are the Hui, Han and other nationalities, who are closely united and hard-working, and an army of workers, staff members and specialized personnel, tempered in practice and possessing a certain standard, there is the material and technological foundation formed in the 30-odd years since the establishment of the PRC; and there are mountains and rivers, the automatic flow of irrigation from the Huang He irrigation area, rich resources of coal and electricity, and latent superiority in natural resources and productive potential in developing our economy. Despite the fact that we are facing a lot of difficulties, we are sure to overcome various difficulties and dangers in forging ahead and win still greater victories so long as our government at various levels and all the cadres and people of the whole region study hard, are active in making progress, and carry on creative work in opening up the future. Under the guidance of the spirit of the 12th CPC Congress, let us unite the people of the spirit nationalities in our region to strive to create a new situation in socialist modernization in Ningxia and to work for the fulfillment and overfulfillment of the Sixth 5-Year Plan.

Lei Ming, deputy director of the regional finance bureau, made a report on the 1982 final accounts and 1983 budget (draft) at the conference.

Executive chairmen of the session were: Li Xuezhi, Ma Qingnian, Wang Jinzhang, Shi Yulin, Zhang Junxian, Huang Zhizhong, Lu Ming, Ma Youde, Guo Wenju, Liang Feibiao, Chen Ruyi, and Liu Lingu.

Seated on the rostrum were members of the presidium of the session, members of the CPC committee of the autonomous region, leading members of the people's government and of the CPPCC of the autonomous region.

Attending the opening ceremony of the session as nonvoting delegates were all the members of the regional committee, CPPCC leading members of departments concerned [words illegible] The regional people's congress and the first session of the Fourth Regional CPPCC read documents in groups.

CSO: 4006/495

ECONOMIC PLANNING

LI DENGYING ON KEY CONSTRUCTION PROJECTS

HK300323 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 29 Apr 83

[Excerpts] In his report to the 1st session of the 6th Provincial People's Congress, speaking on the basic tasks for the last 3 years of the 6th 5-Year Plan, Governor Li Dengying stressed: While vigorously tapping the potentials of existing facilities in industry and agriculture, we must ensure the construction of key projects.

Governor Li Dengying said: In agriculture, we must further readjust the internal structure. While getting a good grasp of engineering construction, we must also take biological measures, plant trees and grass on a large scale and do a good job in building tree shelter-belts in northern Gansu. We should gradually control ecological damage. We must step up research in agriculture, forestry and animal husbandry and popularization of technology, and speed up the construction of the Hexi commodity grain base and the work of transforming the arid area in central Gansu. In water conservation construction, during the 6th 5-Year Plan and for some time afterwards, we must strengthen and handle well the existing 53 designated reservoirs. We must also do a good job in rounding off the existing water conservation projects. We should raise the utilization rate of water from the current 40 percent to over 55 percent. We must also continue to build a number of backbone projects. By 1985 the province should bring a further 500,000 mu under effective irrigation.

In heavy industry, we should build the Nos 3 and 4 shafts at (Wangjiashan) in (Dingyuan) mining area and complete production facility construction at (Miaojie) mining bureau. We should also speed up the construction of prefectoral and county coalmines. In electric power, we should do a good job in feasibility study for the (Heisanxia) hydroelectricity station and in pre-construction work for the (Dingyuan) thermal power plant and Lanzhou No 2 thermal power plant. We should strive to start work on these projects at an early date. At the same time we must speed up the construction of power transmission lines.

In nonferrous metals, we must speed up the construction of the Jinchuan mining area, build a 20,000 ton electrolysis production capacity, basically construct a 70,000 sulphuric acid facility, strive to construct the first stage of the (Baiyan) aluminum plant, and build a 50,000 ton electrolysis capacity. We should build ore-dressing capacity of 1,000 tons a day at the (Pangda) lead and zinc mine.

In light industry, we should build Lanzhou woolen textile mill, and a new workshop at (Baiyan) knitting mill, construct the Lanzhou No 2 cotton textile mill, expand the (Huangyang) sugar refinery and build the Jiuquan (Jinta) sugar refinery.

In communications, we should complete the electrification of the Tianshui-Lanzhou railroad and start on the electrification of the Baotou-Lanzhou railroad. We should also carry out improvements on various main highways.

We must also do a good job in the technical transformation of a number of key enterprises such as the Lanzhou petrochemical industry company, Lanzhou oil refinery, Lanzhou steel plant, Lanzhou petrochemical machinery plant, and Lanzhou general machinery plant, and gradually change the technical state of these enterprises, to lead forward the economic development of the whole province.

Governor Li Dengying said: In order to speed up construction in the Hexi and Dingxi regions, it is necessary to concentrate manpower, material and finance for construction in 10 aspects:

1. Build a number of water conservation projects of all sizes. It is estimated that by the end of the century the Hexi and central Gansu areas will have respectively increased the effective irrigated areas by 4.5 million mu and 3.5 million mu.
2. In Hexi region, we should reclaim 3 million mu of farmland from barren land.
3. We should persistently carry out agricultural capital construction in a big way to improve Hexi's alkaline land, sandy land and low-yielding fields.
4. Speed up the pace of planting trees and grass.
5. Set up and put on a sound basis a setup for cultivating and popularizing fine-strain seed.
6. Do a good job of construction in manure.
7. Actively develop animal husbandry.
8. Vigorously promote diversification. By 1990 output value of diversification in the Hexi and Dingxi regions should be 1.75 billion yuan, compared with 600 million yuan in 1980.
9. Develop fuel-economy stoves, solar stoves, methane, small hydro-electricity stations and various other forms of rural energy construction, to solve the problem of fuel in the masses' daily life.
10. Establish and perfect as soon as possible education, research and scientific and technical popularization systems for animal husbandry and diversification.

ECONOMIC MANAGEMENT

SHANGHAI RESPONSIBILITY SYSTEM COMMENDED

HK261058 Beijing JINGJI RIBAO in Chinese 21 Apr 83 p 1

["Special Dispatch from Shanghai" by Shao Jian [0605 0256]: "Shanghai Institutes the Project Responsibility System Among Bureau Heads, Managers and Factory Directors To Ensure That the Imported Technology Produces the Desired Result Within a Definite Time"]

[Text] In introducing the first batch of 250 items of imported technology, Shanghai Municipality has instituted the project responsibility system among bureau heads, managers and factory directors. To date, 277 units have named 296 leading cadres at all levels to be responsible for projects; these people have undertaken overall responsibility for working out and organizing the implementation of these projects, guaranteeing that they will be grasped thoroughly, and that results will be seen within a definite time.

Shanghai Municipality's importation of technology for the transformation of medium-sized and small enterprises is an important measure adopted in light of the opinion of the state council's leading comrades. In accordance with the Sixth Five-Year Plan, Shanghai has decided to import over 500 items of technology in the plan's last 3 years and to focus on the technical transformation of over 300 factories. To this end, Shanghai Municipality has set up a special leading organ to arrange the work and has clearly defined five key tasks: first, to implement the personal responsibility system among leaders from the bureau and company level to the enterprise level; second, to share out responsibility for the work between each of the municipal government committees and offices; third, to simplify examination and approval procedures; fourth, to open up channels to the outside; and fifth, to tightly grasp the work of putting the projects into operation.

By now, all the relevant departments have decided on the bureau heads, managers and factory directors to undertake responsibility for each project, and have organized strong leading groups. In order to ensure the smooth progress of the responsibility system, work has been divided up between all the relevant leading departments of Shanghai Municipality under the leadership of the leading group responsible for the importation of technology. The municipal economic commission, planning commission, and science and technology commission have all carried out their tasks. Departments dealing with

finance, banking, foreign trade, customs, commodity inspection, construction, planning, design and building, along with departments concerned with supplying electricity, water, gas, and so on, are also working together to facilitate the swift implementation of the projects.

Editor's note: Great efforts must be made to implement all economic work, but the question is, how should this be done? In its importation of technology, Shanghai has implemented the responsibility system at each separate level, from bureau heads and managers to factory directors, so as to thoroughly grasp the work, and produce results within a definite time; this is a good method, and one which is appropriate not only for importing technology, but also for key construction and technical transformation. [End editor's note]

CSO: 4006/492

ECONOMIC MANAGEMENT

ENTERPRISES PRODUCING QUALITY PRODUCTS REWARDED

HK030837 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 3 May 83

[Text] The provincial people's government has made the following decisions: An enterprise, collective or individual, scoring marked achievements in quality improvement will, in addition to being issued a certificate of merit, be given a suitable amount of annual bonus. An enterprise which is awarded a citation for quality management will be given a bonus of 20,000 yuan. An enterprise which is awarded a gold medal for its product will be given a bonus of 10,000-15,000 yuan. An enterprise which is awarded a silver medal for its product will be given a bonus of 8,000-10,000 yuan. An enterprise which is awarded a citation for quality management from the relevant ministry or provincial authorities will be given a bonus of 10,000 yuan. An enterprise which is awarded a citation for good quality products from the relevant ministry or provincial authorities will be given a bonus of 5,000-8,000 yuan. The bonus of an enterprise which fails to fulfill the planned targets of product quality will be deducted on a monthly basis. The profit retention of an enterprise which fails to fulfill the planned targets of product quality will be deducted or its excess retention of profit will be deducted by 8 percent. With respect to an enterprise whose product quality has always been poor or has dropped drastically, it is necessary to stop production for reorganization within a definite time. If it still fails to qualify 3 months after the time limit, it should stop production altogether for reorganization and, during the suspension of production, all the bonuses of the enterprise should be suspended and the salaries of the leading cadres of the enterprise will be deducted by 10-15 percent. With respect to those enterprises which practice fraud, manufacture goods in a rough and slipshod way and substitute poor quality products for good, it is necessary to revoke their business licenses and fine them according to the seriousness of the case. They should also assume full economic responsibility toward consumers.

CSO: 4006/495

FINANCE AND BANKING

FINANCE MINISTER ON IMPROVEMENT OF FINANCIAL WORK

Beijing CAIWU YU KUALIJI /FINANCE AND ACCOUNTING/ in Chinese No 12, 20 Dec 82
pp 1-3

/Article by Wang Bingqian /3769 2671 0051/: "Conscientiously Study the 12th Party Congress Documents; Further Improve Financial Work"/

/Text/ The 12th Party Congress was the most important meeting since our party's Seventh National Congress. Applying the basic theories of Marxism-Leninism-Mao Zedong Thought on the basis of a scientific summation of historical experiences and an indepth analysis of the current situation, the meeting laid down the great task of creating a new situation in all fields of socialist modernization, and formulated the strategic objective, priorities, and steps of our economic construction as well as a series of correct principles for the period between 1981 and the end of this century. While stressing the need for a material civilization based on a combination of theory and practice, it also urged us to build a high level of socialist spiritual civilization. On the questions of the strengthening of party building, improvements in party leadership, and the cooperation and changeover between the old and new cadres, it also took important steps of historical significance. We can say that this meeting was a milestone in the history of China's socialist revolution and construction. We must join the people throughout the country in conscientiously studying the documents of the 12th Party Congress in order to understand their spiritual essence, unify our thoughts and enhance our understanding in light of practical realities, and do our financial work well in our struggle to realize the program of the 12th Party Congress and to attain its strategic objective.

The promotion of economic construction is the core of all the tasks of the party during the new period. After a series of tasks in setting things right following the Third Plenary Session of the 11th Party Central Committee, there is now political stability and unity throughout the country. We have surmounted numerous economic difficulties and have begun to embark on the road of steady and healthy development. An atmosphere of prosperity now prevails in the country. This excellent situation will continue to develop, and there will not be any major "setbacks" as we had in the past. It is entirely possible for us to quadruple the gross value of industrial and agricultural production within 20 years and to gradually raise the standard of living of the people so that they will be comparatively well off. Of course, this great historical

mission is a very arduous one and calls for untiring efforts on the part of all trades and professions. Our finance departments, in collaboration with the departments concerned, should make every effort to gradually resolve the present sharp contradiction caused by the shortage of funds so that all undertakings, particularly energy and transportation construction, can be further developed. This is a glorious task for us.

We must understand that we have had a fairly good start in our financial work. After more than 30 years of construction, we have had a fairly solid foundation and have accumulated more than 500 billion yuan's worth of fixed assets and some 300 billion yuan in circulating funds. There is in all fields a good potential for increasing revenues and curtailing expenses. We can say that the floor is littered with gold, and that the only problem is with how to turn this potential into real resources. At present, the Party Central Committee and the party committees in various localities are attaching great importance to financial work, the broad masses are eagerly looking forward to an early solution of financial problems, and all trades and professions have begun to pay attention to economic results in order to make greater contributions to the state. All these are reliable guarantees for the attainment of our objective in the next 20 years. As long as we pluck up our courage, continue to implement the policy of "readjustment, restructuring, reorganization, and upgrading," and strive to work well, we will be able to solve the problem of the shortage of funds, boost the key construction projects in energy, transportation, and other areas, and strive for a balance between financial receipts and payments so as to fulfill the historical mission entrusted to us by the party and the people.

In raising funds for the state's use, we should rely mainly on improvement of economic results. In other words, while developing production and construction, we should at the same time improve the quality of products and lower the cost of production so as to coordinate production with marketing, accelerate the turnover of funds, shorten the construction period, and eliminate various types of waste. At the same time, some centralization measures should be adopted in the distribution of funds so as to help speed up construction in energy, transportation, and other fields. The present situation is that while the state is short of funds for some urgent key projects, enterprises have quite a lot of funds and extrabudgetary funds of their own. This shows not only the necessity but also the feasibility of pooling funds for distribution. Comrade Hu Yaobang said: "If key national projects are not guaranteed, and if such parts of the infrastructure as energy and transportation are not developed, the national economy as a whole will not prosper and the individual sectors are bound to be greatly restricted in their development. Even if there should be some growth in a given locality at a given time, it would not last because of difficulty in striking a balance between supply, production, and marketing." Therefore, the decision of the central authorities on the pooling of funds to guarantee key projects and to overcome undue decentralization in the use of funds is entirely correct. We must enhance our consciousness, implant the idea of coordinating all activities of the nation like moves on a chessboard, and correctly handle the various relationships in order to do this job well. As Comrade Chen Yun said, our comrades who engage in financial and economic work can be very easily influenced by a partial view or by

departmentalism and then overlook the main issues. He also reminded us that we should view our work from the standpoint of the overall national situation, and that if our work is inconsistent with the national task, we should immediately wake up and correct it; otherwise we would have to account for our actions before the people several decades later. Our comrades who carry out financial work should be the first to realize this truth and should conscientiously implement this policy of the central authorities in our work.

Of course, the pooling of funds impinges on the interests of many fields and involves very important policy issues. We must act in accordance with the policy of the central authorities. In other words, we must continue to uphold the present financial system and protect the decisionmaking power of the enterprises. While firmly overcoming undue decentralization by suitably pooling part of the funds, we should also consider the needs of the localities and enterprises and fully arouse their enthusiasm so that they can have some flexible financial resources for such undertakings as are suitable for localities and enterprises--particularly the technical transformation of existing enterprises.

While pooling a suitable portion of funds, we should also correctly handle the relationship between national construction and the people's livelihood. "First, feed the people, and second, build the country" has become the basic principle in our economic work. In the past several years, the party and the government have made tremendous efforts to solve many problems left over from the past, and the people's livelihood has been markedly improved. Such action is entirely necessary. In the long run, however, the improvement of people's living conditions in the cities or in the countryside can be accomplished only by developing production and improving economic results, and not by reducing the state's indispensable construction funds; otherwise, the people's basic interests and long-range benefits would be jeopardized. The central authorities have decided that from now on, we can no longer increase peasant income mainly by raising the prices of farm produce or by lowering the fixed quotas of state purchases and enlarging the scope of negotiated prices. The increase in the average income of workers and staff members must be less than that in labor productivity. Our comrades who engage in economic work must pay great attention to the scope of these basic policies.

Solving the problem of pooling funds will help us accelerate construction in energy and transportation in order to lay the foundation for economic development during the Seventh Five-Year Plan. The importance here is very clear. However, the pooling of part of the funds does not mean a complete solution of the problem of financial balance. In accordance with the strategic plan of the 12th Party Congress, if we want to do our financial work well in the new period, we must take the attainment of the strategic objective in the next 20 years as our starting point, pay particular attention to our work in the first 10 years, and strive to bring about a fundamental turn for the better in our financial work within the next 5 years. This fundamental turn for the better will be indicated by the consolidation and maintenance of a basic financial balance and then, after a period of effort, by complete financial balance. Stable and balanced state finances are a requirement for a fundamental turn for the better in our financial and economic situation as well as an

indispensable condition for our general task in the new period. Unstable and unbalanced finances would not only obstruct the progress of economic construction but might also affect political stability and unity. In 1954, Comrade Deng Xiaoping, then concurrently finance minister, pointed out that state finances should rest on a regular, stable, and dependable foundation. He said: As a national policy, we must have the strength to deal with foreign aggression and other emergencies. Our finances at present are not stable, and there can be no denying that they cannot stand a severe test. However, we must be able to carry out this policy. We should devote several years to consolidating our finances. To do this, we must gradually increase our reserve forces, fortify ourselves in every field, build up a little each year, and achieve sufficiency gradually. Our financial situation is now vastly different, and conditions in all respects are much better than before. However, we still are confronted with the task of maintaining a firm balance between receipts and payments. We must not only make every effort to maintain such a balance by eliminating deficits, but we must also gradually increase our financial reserves so as to accumulate our resources for vigorous economic development in the future.

According to our practical experience since the founding of the People's Republic, there are two different ways for us to achieve financial balance. First, whenever funds have been overapportioned, we should for a certain period of time curtail our expenditures so as narrow the difference between receipts and payments. This curtailing of expenditures is necessary and cannot be helped. A financial balance obtained this way, however, cannot be stable. The other way is to begin with the development of production and the improvement of economic results and then to increase revenues and practice economy through improved methods of acquisition, accumulation, and spending so as to guarantee the key projects and continue to improve the people's livelihood. This type of balance has a solid foundation of economic development; it is stable and has reserve strength. The worst is now over in our national economy. Hereafter, we should continue to maintain balanced receipts and payments and quickly change over to using the second way. To accomplish this, there should be a significant shift in our financial work; that is, there should be a shift to the central task of improving economic results and concentrating our main resources on promoting production and management, stressing benefits, opposing waste, and collaborating with the relevant departments in increasing the sources of funds, accelerating the turnover of circulating funds and the recovery of capital construction investments. We must oppose the idea of relying on handouts from the state and "eating from the common pot," and must turn our attention to the tapping of potential so that we will need little or no assistance from the state in the form of money. If we have received any money, we must be sure to use it to good advantage. We must adhere to the principle of comprehensive balance and attempt only that which is possible. We should confine our commitments within the limits of our resources, and try to do more with less money. Excessive distribution because of failure to conform to the plans or to the budget must be opposed. Funds must be apportioned rationally, and control over them must be strengthened. The allocation of funds for all fields in the country must be controlled by overall planning so that all funds can be used to the best advantage. We must promote the readjustment of the economic structure and the consolidation, reorganization, and combination of existing enterprises, and carefully attend to technical

transformation. Financial work in the national autonomous regions should be further improved so as to develop the economic and cultural undertakings in these regions.

To accomplish the financial tasks in the new period, we must raise our financial work to a new level as soon as possible. In other words, we must create a new situation in our financial work during the new period. There are now many new developments, new problems, and new experiences in the economic life of our country, and there will be more of them during the further readjustment, restructuring, reorganization, and upgrading of our national economy in the future. For example, there will be the problem of economic restructuring, the problem of further readjustment of the economic structure, the problem of price and wage system reforms, the problems of technical transformation of existing enterprises and the upgrading of their products, the problem of more effective utilization of foreign funds, and the problem that there is a buyer's market in our domestic commerce. All of these problems are closely related to the apportionment of financial receipts and payments as well as to the reform of the taxation system; they should call for greater efforts on our part to study financial and economic theories and the party's financial and economic policies systematically, to conduct more indepth studies of the real problems, and to supply the correct solutions or the proper ways of handling things. Here we must make great efforts and pay a heavy price in terms of labor before we can make any headway. If we fail to make any headway, we will find ourselves in a very passive position, and the creation of a new situation will be out of the question. In short, during the new period, we must be diligent in studying and in pondering over problems, be courageous in reform and practice, and be good at controlling finance and at managing. For example, it requires a great deal of know-how to organize financial receipts, the amount of receipts, the sources of receipts, and the way to collect them. Comrade Xiaoping once made these very succinct remarks: To determine figures means to determine policy. Here, in addition to the question of policy, there are also the questions of management--of how to arouse enthusiasm and how to use the economic levers well. In the apportionment and use of funds, too, there is the question of their being rational and appropriate, and of how to strengthen the responsibility system and make better use of money.

During the new period, we must also carefully attend to the work of building a tax and accounting force that is revolutionized, better educated, professionally more competent, and younger. This is an important question in our work at present, as well as one of inheriting from the past and carrying forward to the future. This will involve the question of ideological education for the cadres, the question of studying theories and policies and professional pursuits, the question of promoting a large number of young cadres who have both ability and political integrity, the question of on-the-job rotational training for cadres, the question of conducting secondary and specialized schools or institutions of higher learning in finance and accounting, and so forth. We hope every comrade will make great efforts in studying, continue to enhance his ideological consciousness, look forward to the future, stand on firm ground, work hard to serve the public, and strive to become a standardbearer in the new period. Besides doing our own job well, we should cooperate in the rectification of party style and social conduct by further strengthening financial supervision and auditing, and combating unhealthy tendencies and crimes in the economic sphere.

FINANCE AND BANKING

HAINAN FOREIGN TRADE SYSTEM TO REFORM

HK250539 Haikou Hainan Island Service in Mandarin 0330 GMT 23 Apr 83

[Text] Recently Hainan foreign trade departments organized leading cadres and some professional staff of city and county foreign trade bureaus and of specialized district and county import and export companies to study the State Council's instructions on developing and building Hainan Island. They were determined to further emancipate the mind, resolutely carry out the principle of promoting the development of Hainan Island by implementing the open-door foreign policy and assisting the implementation of an open-door foreign policy by developing Hainan Island and strive to usher in a new situation in foreign trade.

The cadres discussed their work in connection with the experiences and lessons in foreign trade work in Hainan District. They maintained: The main reason why foreign trade work could improve in the past was because there was no economic responsibility system, we had iron rice bowls in hand and everybody ate from the same big pot. As a result, the internal motive force of enterprises could not be brought into play. They are determined to correct the practice of everybody eating from the same big pot, energetically consolidate foreign trade enterprises and do a good job in building export commodities bases.

The stress of reform and consolidation should be laid on purchase, exports, volume of losses and profits, standards of charges and fees, reserve quotas, turnover of capital and rate of carrying out contracts signed with foreign countries.

They are determined to perfect the economic responsibility system in all-round way and strictly enforce the system of reward and punishment. The companies will in principle adopt the three-layer contract system. Export branch companies with foreign currency tasks will carry out the system of contracted responsibilities with regard to export volume, total volume of losses and profits, and total cost of exchanging exports for foreign currency. Branch companies in goods sources, companies at the country level and basic-level units will carry out the system of contracted responsibilities with regard to profits in revenue and expenditure related to contracting production, transportation and packing tasks. In addition, they will earnestly develop the

Production of export commodities in various forms of individual management, joint management and support for specialized households and households doing specialized jobs, so as to run export commodities bases well. Moreover, they will use factories currently producing export commodities to increase the variety of export commodities and raise their competitiveness. They will fully utilize foreign investment, carry out joint venture and joint production through various channels, import advanced technology and equipment, process foreign raw materials and expand sources of goods for export.

CSO: 4006/492

FINANCE AND BANKING

CONTROL SCOPE OF FIXED ASSETS INVESTMENT

HK250905 Beijing JINGJI RIBAO in Chinese 14 Apr 83 p 1

[Report: "Responsible Person of People's Construction Bank of China Points out That It Is Necessary To Adopt Resolute Measures To Control the Expanding Scope of Investment in Fixed Assets"]

[Text] Recently, in a talk with our reporter, a responsible person of the People's Construction Bank of China pointed out that the grand scale of investment in fixed assets was continuously expanding this year, which must be strictly controlled by adopting resolute measures. According to the statistics of some [word indistinct] and departments, the scale of investment in fixed assets this year exceeded the state plan by one billion yuan, of which the localities accounted for 5.3 billion yuan and the departments of the central authorities 4 billion yuan.

This responsible person said that the expansion of the scale of investment in fixed assets in 1982 was the fourth largest since the founding of the PRC. It is predicted that the total amount of investment in fixed assets of the whole country will exceed 13.6 billion yuan over the readjusted state plan, which is 16.3 billion yuan more than 1981 and 8.5 billion yuan more than 1980, the highest year in history. The increasing rate of the investment in fixed assets reached the high level of 24.5 percent, which to a great extent exceeded the increasing rate of the various main quotas of the national economy and national capability. The great extent of the scale was also indicated in the direction of investment which deviated from the demands of the state plan. On the one hand, the investment made in the general processing industry and nonproductive construction markedly increased. Last year, there were 75,000 capital construction projects under construction in the whole country, each with an investment of over 10,000 yuan. The construction of 34,000 projects began in the same year, a year in which most of the planned projects actually began construction, as compared with the past few years. In 1982, the investment made in nonproductive construction increased by 26.9 percent over the previous year, the proportion being the highest since the founding of the PRC. On the other hand, the proportion of investment made in the energy resources industry decreased from 21.4 percent in 1981 to

19.2 percent, which is one of the lowest proportions of investment made in energy resources since the Fifth Five-Year Plan. The proportion of investment made in communications, transportation and post and telecommunications also did not reach the planned requirements. Due to the large scale of investment, the ordinary projects squeezed out the major ones and the period of construction was prolonged and the results of investment decreased. Last year, 46 percent of the large and medium-sized projects did not fulfill their annual investment plan, of which 1/4 were projects of energy resources and communications. Of the large and medium-sized projects that should have gone into operation according to the state plan, 38 percent were not put into operation on schedule. The delivery and utilization rate of fixed assets in capital construction decreased from 86.7 percent in 1981 to 80 percent.

Viewed from increasing trend of investment in fixed assets at present, if we do not control it by adopting resolute measures, it is bound to squeeze out production, maintenance and market, and cause an all-round tense situation in the national economy and the danger of forfeiting the excellent situation brought forth after readjusting the national economy may occur.

In order to discuss and study how to strictly control the scale of investment in capital construction according to the state plan and ensure the construction of major projects, the People's Construction Bank of China recently held a report meeting on the scale of capital construction of the whole country. The meeting demanded the construction banks at all levels to regard the control of scale of investment in fixed assets as a task of prime importance. They should stick to their duty of guarding the pass, strictly carry out the state plan and not deviate at will. Loans for technical measures can only be used in the technical transformation of enterprises and must not be allowed to be used to develop capital construction. Loans for capital construction issued by the locality or local trust fund must be listed in the local capital construction plan and local targets. With regard to the investigating of those projects under construction, it is suggested that the government and planning departments adopt measures and stop the construction of those blindly planned and repeated projects and those projects that have not properly fixed funds. The principle of persuasion, reporting to higher levels and not providing money should be persisted in for those that deviate from the state plan. As for the construction of the major projects, the construction bank should actively participate in policymaking, preparatory work, arrangement of investment, construction speed and distribution and utilization of funds of the projects. They must support and help the construction units of the major projects to rationally utilize the funds and achieve better investment results.

CSO: 4006/492

FINANCE AND BANKING

JILIN COMMENTS ON MUDDLED IDEAS ON TAX PAYMENT

SK241046 Changchun Jilin Provincial Service in Mandarin 1030 GMT 23 Apr 83

[Station commentary: "Clarify Understanding and Speed up Replacement of Profit Delivery by Tax Payment"]

[Text] Beginning 1 June, state enterprises in our province will comprehensively implement the tax payment system instead of the profit delivery system. The tax payment system to be enforced by state enterprises is a major reform of China's economic management system and an effective measure to correctly handle the relations between the state and the enterprises in distribution, to ensure state revenue, to promote development of enterprises and to improve the economic responsibility system.

As the tax payment system is a new thing, some people will unavoidably have doubts and misgivings. Some think that to change profit delivery into tax payment is to change only the method for profit delivery by enterprises and, therefore, there is no difference whether we change it or not. Such a view shows the people's failure to distinguish profit from tax. Although profits delivered to the state are restrained by plans, they cannot guarantee the steady increase of state revenue. However, tax payment is decided on in the form of law and, therefore, is an authoritative, mandatory legal system to be implemented on a regular basis.

Some comrades hold that in implementing the system, enterprises will pay a fixed percentage of their profits to the state as taxes. Then the management contract system will not have much function. This, too is a one-sided view. The management contract system is an important reform of enterprise management system and is a form of the economic responsibility system. After implementing the tax payment system, state enterprises should still implement the management contract system and sum up experiences so as to continuously improve it.

Just as fixed quotas are set for profits to be delivered to the state, some people advocate setting fixed quotas for taxes. Such a view is also wrong. Profits delivered to the state are a kind of compensation for the state's investments and therefore can be fixed. Taxes are levied according to fixed rates stipulated by the state tax law and therefore the amount cannot be changed at will or fixed. If fixed quotas are set for taxes, the tax law and tax rates will become meaningless.

We should clarify the aforementioned muddled ideas through study. In the meantime, we should make good preparations for the smooth implementation of the tax payment system.

FINANCE AND BANKING

JILIN HOLDS CONFERENCE ON TAX PAYMENT SYSTEM

SK241042 Changchun Jilin Provincial Service in Mandarin 1030 GMT 23 Apr 83

[Text] The recent work conference on substituting tax payment for profit delivery noted that, after implementing the tax payment system instead of profit delivery, enterprises should exert more efforts to expand production, improve management and tap potential if they are to gain more benefits.

The conference noted: Substituting tax payment for profit delivery by state enterprises is a reform initiated on the basis of the experiences of the past 30 years and more in strictly enforcing the economic management system. When the tax payment system is put into effect, the state will levy a fixed rate of income tax on enterprises according to law to ensure stable and reliable state revenue. The system will help the state increase revenue and enable enterprises and workers to benefit from the increased income. According to the demand set by the central authorities, enterprises in our province, except for some, will implement the tax payment system beginning 1 June.

The conference pointed out: The key to successfully instituting the tax payment system is to correctly handle the economic interest of the state and the enterprises and ensure that the state takes the lion's share, the enterprises take the larger share and the remainder goes to individuals. From now on, enterprises with poor management and economic results shall not be given preferential treatment in profit sharing so that they will feel the pressure.

The conference urged: All party committees and governments should regard the tax payment system as a major task in the current economic activities and pay close attention to it. They should assign leading comrades to take charge of it and see to it that all preparations are completed by 1 June. It is necessary to intensify the training of financial and tax cadres and improve their standard in carrying out policies and their professional work so as to satisfy the work needs.

CSO: 4006/492

FINANCE AND BANKING

NEW PROSPECTS FOR ACCOUNTING WORK IN NEXT 20 YEARS

Beijing CAIWU YU KUALJI /FINANCE AND ACCOUNTING/ in Chinese No 1, 20 Jan 83
pp 4-8

/Article by Yang Jiwan /2254 4764 3834/: "Strive To Create a New Situation in Accounting"

/Text/ The 12th National Party Congress has set the great task of creating a new situation in all fields of socialist modernization, and people of all nationalities in the country are striving to attain the grand strategic objective set by this congress. How can we more effectively implement the spirit of the 12th Party Congress and create a new situation in the work of accounting? This is a glorious task for the broad masses of accounting personnel. Guided by the spirit of the congress, we must make all-out efforts for the prosperity of our country, and in light of the realities in the new period of accounting work, we should study the new developments, explore the new problems, open new fields, and raise the work of accounting to a new level so that it can play a greater role in improving economic results.

(I)

To create a new situation in accounting, we must first attend to its reorganization. This is an important step and the basic task in creating a new situation for accounting. The report of the Ministry of Finance, endorsed by the State Council, on the work of financial accounting for state-run enterprises states: "All enterprises must carry out a thorough reorganization of their financial accounts," and must set a time limit for meeting the six requirements. These remarks are applicable not only to enterprise but also to all units that practice independent accounting. The features of the reorganization include not only the restoration of what we formerly had, but also what will be required for meeting the new situation. We must act in accordance with the requirements set forth in the State Council's document and work painstakingly and steadfastly. Through this reorganization, there should be a basic turn for the better in ideology, organization, system, and discipline. Our efforts should be directed mainly at the following purposes: First, the tendency to stress production, neglect management, and ignore accounting must be basically reversed so that the majority of comrades, particularly the leading cadres of economic units, will realize that "the importance of accounting is no less than that of science and technology" (Note: quoted from the speech of Vice

Premier Yao Yilin /1202 0181 2651/ at the National Accounting Conference; carried in CAIWU YU KUAIJI No 12, 1980), highly regard and support accounting in practice, and bring the function of accounting into full play. Second, we should strengthen the structure of financial accounting, set up and perfect an accounting organization within all units, assign suitable personnel to financial accounting, and adopt the necessary measures gradually to raise their professional and vocational level. Third, we should strengthen the various types of basic work in economic management so that there will be complete and truthful firsthand records, strict testing of measurements, a complete assortment of quotas, a sound system of money and material control, planned and standardized receipts and payments, and systems of examination and approval as well as of requisitioning and reporting. Fourth, we must strictly enforce state policies, decrees, and systems, and abide by financial and economic discipline. Unit leaders should take the lead in being law-abiding and in seeing that their finance and accounting personnel also are law-abiding. They should also ensure that these personnel exercise their rights independently according to the law and are free from interference and retaliatory attacks. Finance and accounting personnel should firmly uphold the principles, faithfully serve the public, perform their duties conscientiously, and protect the interests of the state and the collectives.

(II)

On the basis of the reorganization, we have to develop accounting in new depth and new breadth so as to create a new situation for this work. So-called "new-depth development" means breaking through the confines of the traditional methods of recording and calculating so that accounting work will infiltrate every phase of production and management and participate in these activities. So-called "new-breadth development" means that, while accounting for and verifying what has already been done, we should continue to develop the work in the direction of forecasting economic results and strengthening control over financial receipts and payments. Our objective is to continue to raise the level of national economic planning and management and the level of management in the enterprises and public agencies and to improve economic results as a contribution to the task of quadrupling the gross annual value of industrial and agricultural production.

To develop the work of accounting in new depth and new breadth, it is first of all necessary for accounting personnel to emancipate their minds. According to the traditional concept, accounting means only recording and reporting entries, so that as long as these entries are clearly and promptly recorded and reported, the task of accounting is accomplished. Such a concept will not help to open up a new prospect in accounting work. It is true that accounting is inseparable from recording, calculating, and reporting--which must be carried out as an important function of accounting. However, the scope of accounting must be wider, since recording, calculating, and reporting cannot be regarded as the complete task of accounting. Marx summarized the functions of accounting as the "control of the process and summation of concepts" in social production. In other words, accounting should infiltrate every phase of production and management and participate in these activities. Since the 1950's, the Western countries have developed the functions of

accounting a great deal in the direction of forecast and control. Since the founding of the People's Republic, we have also achieved a great deal in developing our financial accounting in depth and breadth. For example, we have worked out plans for monthly financial receipts and payments, breakdown of indices, accounting for workshifts and groups, analysis of economic activities, and so forth. In recent years, along with the reform in the system of financial management and the adoption of the economic responsibility system, some enterprises have made new progress in developing the role of accounting in control and supervision. The participation of accounting in production and management, which we have stressed, largely means a scientific analysis and evaluation--through the use of accounting and its data and methods--of the economic results of various activities in production and management so as to guide the people toward what is beneficial and away from what is harmful. For this purpose, the following steps should be taken: First, for all activities that can be measured in monetary terms, accounting should carry out comprehensive, classified and individual records, calculations, and truthful reflections for the primary purpose of analyzing and evaluating economic results. Second, in dealing with the production and management of the production and functional departments, accounting data should be used for comparison, analysis, and evaluation of their economic results on a historical and trade basis and in the light of planning, actual implementation, and comparison with foreign advanced levels. Aside from the comparisons and analyses of a comprehensive nature, there should be a concrete analysis of each phase of production and management. Third, through comparison and analysis of the accounting data and figures, we should promptly discover the weak links in production and management and expose any signs of loss or waste, so that remedial proposals or measures can be offered or taken. There is a very broad scope for the participation of accounting in production and management. As long as we are good at using the data and methods of accounting and give full play to the role of accounting in verification and supervision, we can certainly demonstrate its increasing importance in economic administration.

Strengthening all-round accounting supervision is of great significance to the development of accounting work in depth and breadth. Many units have done a great deal of work in this connection, and their work has played a positive role in improving production, management, and economic results. In the past, the purpose of accounting supervision was to enforce financial and economic discipline and to guard against graft, embezzlement, and other illegal deeds. As for the time sequence, accounting was more concerned with supervision in the process or afterward, which is undoubtedly an important part of accounting supervision as a whole. There are now many defects and shortcomings in even this part of supervision, which needs to be improved especially because it will remain the main part of accounting supervision over the next several years. We must also be aware, however, that when our economic work has been entirely shifted onto the path where improvement of economic results will be the central task, accounting supervision should also be changed to suit this shift. In our economic work, the most conspicuous and widely felt impact on economic results are the various "appalling losses and waste." There are many causes for such losses and waste, but one of the main problems is our poor foresight, meaning that before engaging in certain economic activities, we lack scientific

analyses and forecasts. Due measures should be taken in many aspects to overcome these defects, but strengthening accounting supervision can play an important role as one of them. The main way for accounting to exercise its supervisory function is to use accounting data and methods to guide people in the choice of alternate plans and to calculate and predict economic results. In the course of our economic readjustment in the past 2 years, the accounting departments of many enterprises have accumulated experience in forecasting economic results. We hope that all units will develop the role of accounting work in these respects, in the light of the realities in their own units, so as to open up a new prospect in this work.

(III)

In the past several years, some enterprises have adopted the system of economic responsibility in the reform of the state's economic management. Now that the system of economic responsibility is developing in various forms among all trades and professions, the adaptation of accounting to the system of responsibility in such a way that the system will continue to perfect itself and improve is a very important task in opening up a new prospect in accounting work. There are now at least the following problems requiring conscientious study and solution.

First, the organization and system of accounting work should be duly reformed to suit the requirements of the system of economic responsibility. Since the adoption of the system of economic responsibility among industrial and commercial enterprises, the concentration of power in the plants and the plants' exclusive economic responsibility no longer exist. In many units, economic responsibility is shared not only level by level from the plant down to the branch plant, the workshops (work sections), work shifts and groups and individuals (machinery units), but also by different departments through chains of command in the form of "contracts" and "guarantees." The former accounting system, under which responsibility was borne only by the plant, and the system of two-level or three-level accounting adopted by some large and medium-size enterprises are no longer suitable under the new conditions. As an important component of economic management, the organization and system of accounting work should be duly revised. Since the forms and features of economic responsibility and the methods used in practicing the system vary in different units, and their scopes and modes of production and management are all different, the organization and system of accounting work should be determined according to the actual conditions in each unit. In any case, however, they must be able correctly to handle both the vertical and the horizontal correlations in accounting work; accurately and promptly to record, reflect, analyze, and verify the financial receipts and payments as well as the economic results of the whole plant and the various responsible units; and correctly to handle the relationships of interests among different levels and different responsible units.

Second, the indices, features, and forms of accounting must be able to meet the requirements of correctly reflecting and verifying the economic results of various responsible units. To ensure the completion of the targets assigned by the state and those set by themselves, enterprises usually break down the overall target into many small ones to be shared at every level within the

unit; by the time the work shifts and groups and the individuals are involved, there will be thousands or tens of thousands of small targets. Besides the value target, there are various technical and economic targets for the units, all of them reflecting from the same aspect the economic results of production and management. In examining the final results and linking them to material benefits, however, an accounting index in monetary terms must be used as the basis.

At present, the unified accounting index set by the state has been formulated on the basis of the common needs of national economic planning and administration as well as the production and management in the enterprises. The state index can only meet the requirements of accounting and reflect the financial conditions and the results of production and management in the enterprise as a whole. For the same reason, it can only reflect and handle the distribution of material benefits between the state and the enterprises; it cannot meet the requirements of control and accounting at every level in matters of production and management within an enterprise. The problem here is even sharper after the adoption of the system of economic responsibility. Thus, units practicing the system of economic responsibility are faced with a new task: to draft a system of accounting indices in accordance with their own actual requirements. The titles and features of the indices for internal accounting can be based on actual needs, but the following problems must be solved: (1) The indices for internal accounting must be organically coordinated with the state indices. (2) The features of internal accounting indices must be closely related to the economic responsibility undertaken by the unit. (3) The system of indices must be able to accurately reflect and verify the extent of the fulfillment of tasks by the responsible units and the corresponding financial results achieved. (4) The internal accounting indices reflecting the financial results of the various responsible units should be able to serve as the basis for handling the distribution of material benefits within an enterprise. In recent years, some enterprises have used the two major indices of cost and funds, while others have used the profit index as the core of the system of accounting for internal use and have set up various systems, including the accounting organization, accounting methods, procedures of settlement of accounts, and methods of verification and calculation of bonuses. They have all achieved fairly good results. Still other enterprises have used "factory currency" for internal accounting, which also has provided useful experiences. All of these systems should be conscientiously studied and reviewed so that they can be improved and perfected in the course of practice.

Third, internal accounting must be able to ensure that the distribution of material benefits within the enterprises is confined to the scope prescribed by the state. By implementing the system of economic responsibility, we can more effectively implement Marxist theories on material benefits, arouse the enthusiasm of the enterprises and the laborers, and stimulate production. However, whether it can successfully play these roles depends largely on whether the relationships between the interests of the state, the enterprise, and the individual workers can be handled correctly. On the part of the state, some rational arrangements should be made for taking care of the interests of the enterprise so that the enterprise can continue to improve its production and

management, increase its revenue, and curtail its expenditures. Thus, even though the accumulation funds it provides to the state continue to increase every year, the enterprise can still manage to increase its own revenues. The enterprise, for its part, should bear in mind the overall situation, subordinate its own interests to those of the state, abide by the laws, decrees, and systems of the state in appropriating its own share, and control the internal distribution within the limits of this share. At present, the sharp problems in handling the interests of the state, the enterprises, and the individual workers are attributed to the following causes: First, instead of trying to improve their production and management or making efforts to increase production and revenues and to practice economy, some enterprises are juggling their accounts to cheat the state of its income. Second, in the internal distribution of material benefits, the relevant regulations of the state and the controlling indices are disregarded, with the result that the shares of the workers exceed the allowed amount. The latter situation is, among other factors, caused by the lack of a strict supervisory system in internal accounting. Therefore, accounting departments must regularly study this problem and strengthen the internal accounting system and internal accounting supervision in order to ensure that the internal distribution of material benefits within the enterprises is kept within the scope of state regulations.

Fourth, a system of job responsibility should be set up and consolidated within the accounting departments. Because of the establishment of the system of economic responsibility, there have been significant changes in the organization, forms, methods, and objectives of accounting within the enterprises. In keeping with these changes, the accounting departments themselves and the division of work among their personnel should also be duly changed. Therefore, based on the division of work and the business relations among various sections of the accounting departments, the scope of job responsibility should be redefined in order to establish a distinct job responsibility system. A system of mutual relations and mutual regulation should also be formed and consolidated between different jobs so as to strengthen internal inspection and examination and ensure a normal order for accounting work. Thus it will be possible for accounting to play a more active role in economic administration and in strengthening and developing the system of economic responsibility.

(IV)

The training of a contingent of accounting cadres who are revolutionized, better educated, professionally more competent, and younger is a necessary condition for opening up a new situation in accounting work. The present contingent of accounting cadres falls far short of these "four qualities" mainly because of their low professional level. Therefore, training accounting cadres and increasing their basic knowledge and professional skill constitute an urgent and arduous task in building a revolutionized, better educated, more professionally competent, younger force. This task can gradually be accomplished only through various channels and in various forms.

First, the structure of education should gradually be readjusted. In his report to the 12th Party Congress, Comrade Hu Yaobang pointed out: "We must

work vigorously to universalize primary education, strengthen secondary vocational education and higher education, and develop educational undertakings of all types in order to train all kinds of specialists." As an important component of economic administration, accounting is necessary for all units that practice independent accounting, and none of these units can be without accounting cadres. Thus a large number of accounting cadres are needed. Vice Premier Yao Yilin also pointed out: "In view of our country's requirements, the work of accounting is no less important than that of science and technology. Because of the present needs, the shortage of accounting personnel is no less serious than that of scientists and technical cadres." It would obviously be hard to overcome this difficulty without changing the educational structure. We appeal to the educational departments to develop colleges of finance and economics. All those institutions of higher learning that are in a position to add special courses for finance and accounting should do so, and the enrollment in these courses should be enlarged. At the same time, secondary and other specialized schools for the training of junior accounting personnel should be vigorously developed so as to create the conditions for the transformation of ordinary secondary schools into higher or secondary specialized schools.

Second, the training of on-the-job accounting cadres should be stepped up. In the past 2 years, many areas and departments have done a great deal of work and achieved gratifying success in this respect. The Party Central Committee and the State Council have recently adopted a resolution on the question of rotational training for central party and government functionaries. Guided and inspired by this resolution, there will be even greater development in the training program of accounting cadres. The special training for these cadres must fit in with their characteristics and be based on realities, and different forms should be adopted to achieve greater, faster, better, and more economical results. For example, we can either organize TV schools with the same method as those used in Tianjin (whose example can be followed by all cities, if conditions permit); or organize schools of finance and accounting for workers and staff members, similar to those being conducted in Gansu; or organize accounting cadres to participate in the correspondence courses provided by the relevant colleges of finance and economics; or organize various types of short-term courses for those who are on the job or are temporarily away from their jobs. The forms of training can be many and varied, but they must be organized and arranged in a planned way so that after a certain period of training, the accounting cadres' professional knowledge will be up to the level of specialized secondary schools, colleges, or universities.

Encouragement for self-study is an important way to get greater, faster, better, and more economical results in the training of talented people. There are many accounting cadres whose professional skill is inadequate. Except for those in large and medium-size cities who can be accommodated in TV schools in large numbers, not many others can be organized for training. Encouragement to conduct self-study would be a fairly good way to resolve this contradiction. Those who persevere in self-study should be provided with facilities in the way of teaching or study materials, and suitable arrangements should be made to allow them time off. At the same time, due

systems and policies should be set up so that those comrades who have gained the necessary professional competence through self-study are recognized by society.

Financial departments at all levels which have charge of accounting work should vigorously develop a contingent of accounting cadres who are revolutionized, younger, better educated and more professionally competent. These financial departments should take the initiative in helping educational departments to investigate the present state of accounting personnel and the requirements for their development, to be used as a reliable basis for planning the development of specialized accounting education. Rotational training of on-the-job accounting cadres should be organized and promoted, and assistance should be given to the relevant departments in solving actual problems in training. Financial departments should also cooperate with the relevant teaching departments and units to solve the problems of teaching materials and teachers, maintain constant touch with the requirements and difficulties of accounting personnel in acquiring professional knowledge, and give them active assistance and support. In short, financial departments at all levels should regard the training of accounting cadres as one of their important tasks and should strive to accomplish it. The broad masses of accounting personnel should also keep pace with the march of time, adapt themselves to the development of the situation, be diligent in study, be good at practice, and continue to raise our accounting work to a higher level as a contribution to the building of a great and strong socialist country with a high level of both material and spiritual civilization.

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BRIEFS

HONG KONG BANKING DELEGATION—A 27-member team consisting of directors, deputy directors, managers, deputy managers and other personnel from 14 Hong Kong banks, led by the Bank of China in Hong Kong, arrived in Hainan on 26 April. On the afternoon of 27 April, the Hainan Administrative Commissioner's Office gave a welcoming party for them, at which Commissioner Lei Yu outlined the situation in Hainan and the initial schemes for implementing the decision of the CPC Central Committee and State Council on speeding up the development and construction of Hainan. He also answered questions they raised. Jiang Wengui, deputy director of the Bank of China and general manager of its Hong Kong branch, said: Our aims in coming to Hainan are, first, to see the magnificent scenery of the treasure island, and second, to see how our bank can support Hainan and speed up its economic construction. [Text] [HK290221 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 28 Apr 83]

HEBEI PROVINCE BANK SAVINGS—[Report: "Bank Savings in the Province Increase by More Than 400 Million Yuan in the First Quarter of This Year"] By the end of March, bank savings in the province amounted to some 4 billion yuan, an increase of 480 million yuan over the figure at the beginning of this year, fulfilling 52.4 percent of the total yearly plan and representing an increase of 280 million yuan compared with the corresponding period last year. [Text] [HK020555 Shijiazhuang HEBEI RIBAO in Chinese 23 Apr 83 p 1]

GANSU BUDGET REPORT--In his written report on the province's final accounts for 1982, delivered at the first session of the Sixth Provincial People's Congress, Provincial Financial Department Deputy Director (Song Guanjun) said: The province had a basically balanced budget in 1982. Total revenue was 1,247,136,000 yuan and total expenditure was 1,278,569,000 yuan. (Song Guanjun) said: Generally speaking, the province's budget situation was good. This is the result of the hard work of the people throughout the province. However, it has not yet been possible to achieve a turn for the better in the poor economic results. Enterprise losses have continued to rise. The province's financial resources have greatly declined. Hence in 1983 the government at all levels and all departments and units must center their efforts on improving economic results, strive to tap enterprise potentials, promote production development, increase revenue, and economize expenditure. We must carry out the work of substituting tax payment for profit delivery, strengthen tax collection and management, strictly enforce financial and economic discipline, and struggle against all violations of this discipline and of the fiscal system, so as to further improve the province's financial and economic situation. [Excerpts] [HK290154 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 28 Apr 83]

MINERAL RESOURCES

BRIEFS

JIANGSU LEAD, ZINC, SILVER--Nanjing, 7 Apr (XINHUA)--Deposits of lead, zinc and silver have been found in the Qixiashan area on the northeaster outskirts of Nanjing, capital of Jiangsu Province. There are also gold, cadmium, pyrite and indium ores in this area, according to the geological prospecting team. The deposits, found in an area with complex geological structures, lie 200 meters below the surface. The area covers 60 square kilometers. The Jiangsu metals geological prospecting company under the Ministry of Metallurgical Industry awarded on 30 March the geologists who had found the deposits. [Text] [Beijing XINHUA in English 1300 GMT 7 Apr 83 OW]

SICHUAN STRONTIUM DEPOSITS--Chengdu, 10 Apr (XINHUA)--Large deposits of strontium have been found in Hechuan County, Sichuan Province, according to the provincial geological department. Geologists said the deposits in the Triassic period stratum are near the surface and easy to open because the geological structure is simple. Strontium, a metallic element, is used as a reducing agent for refractory metals. Color TV tubes made of strontium glass are more stable, clearer and have less x-ray radiation than barium glass. [Text] [Beijing XINHUA in English 0733 GMT 10 Apr 83 OW]

GUANGXI VANADIUM DEPOSITS--Nanning, 4 Apr (XINHUA)--Deposits of vanadium have been found in Guangxi Zhuang Autonomous Region, south China, according to the regional geological bureau. A 30-kilometer-long stratum in Shanglin County contains vanadium. Now 300,000 tons of vanadium reserves have been verified. The average grade of vanadium pentoxide there is 1 percent, while deposits at the grade of 0.5 percent are worth exploiting. The vanadium deposits were found in the stratum of the Devonian period. This is the first time vanadium has been found in the stratum. Vanadium is used in the metallurgical and chemical industries. [Text] [Beijing XINHUA in English 1108 GMT 4 Apr 83 OW]

SHANDONG GOLD PRODUCTION--Jinan, 25 Apr (XINHUA)--Shandong Province, in east China, produced 10 percent more gold in the first 4 months of this year by today compared with the same period in 1982, provincial authorities said here. The province furnishes a quarter of China's total gold output, and is one of the nation's leading gold producers the authorities said. Shandong's gold reserves are concentrated in Yantai Prefecture, facing the sea. The area has come to be known as "China's gold coast". There are now 26 gold mines in the prefecture, including China's first mechanized mine. Of the 26, 22 are owned and operated by rural collectives. [Text] [Beijing XINHUA in English 1455 GMT 25 Apr 83 OW]

SHAANXI MOLYBDENUM CENTER—Xina, 25 Apr (XINHUA)—The second phase of construction of China's largest molybdenum mine at Jinduicheng in Shaanxi Province is nearing completion. It is expected to go into trial operation in August, according to the provincial metallurgical department. Already completed is the installation of the equipment of an ore dressing plant with a designed capacity of 15,000 tons of the mineral daily. The facility is now on test-running. It is expected that the completion of the second phase will raise the annual capacity of the mine from 3,000 tons of concentrates at present to 12,000 tons. Molybdenum, a nonferrous metal with a high melting point, is widely used in electronics, chemistry and other industries. The Jinduicheng mine is the largest molybdenum mine in China. The ore found there is of high grade, suited for opencast mining. The first phase of the construction of the mine was completed in 1972 and the second phase began in 1974. [Text] [OW270329 Beijing XINHUA in English 1108 GMT 25 Apr 83]

MEETING ON CONSTRUCTION OF IRON MINE—On 28-30 April, the Ministry of Chemical Industry and the regional people's government held an on-the-spot meeting on the construction of an iron pyrite mine at (Hanyaokou) in Nei Monggol. The meeting solved, on the spot, the problems urgently needing solution in the construction and created conditions for ensuring the completion and operation of the iron pyrite mine on schedule. Vice Minister of Chemical Industry (Lin Jingtai) and Vice Chairman of the regional people's government (Wu-li-qi-ming) presided over the meeting. Before the meeting, Vice Minister (Lin Jingtai) together with Bu He, chairman of the regional people's government and others discussed questions about and made plans for the construction of the (Hanyaokou) iron pyrite mine. The mine is situated on the southern slope of Langshan mountain in Bayannur league. The proven iron pyrites deposits are over 72 million tons, making the mine one of the three biggest mines in our country and one of the large and medium-sized projects in the nation's Sixth Five-Year Plan. [Excerpts] [SK020858 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 May 83]

CSO: 4006/492

DOMESTIC TRADE

WANG DAOHAN ON CHANGJIANG DELTA ECONOMIC ZONE

OW270639 Shanghai City Service in Mandarin 1100 GMT 23 Apr 83

[Text] Mayor Wang Daohan today told a station reporter that Shanghai firmly supports the decision of the party Central Committee and the State Council on building the Changjiang Delta Economic Zone and will take an active part in the rational readjustment and continued development of the zone's economy.

In answering a question on how to understand the guiding principles for building the Changjiang Delta Economic Zone with Shanghai as its center, Mayor Wang Daohan said: The organizational system in this zone will remain unchanged in the course of striving to achieve our country's grand objective of quadrupling the gross annual value of industrial and agricultural production by the end of this century. With the overall situation in mind, economic combination will be promoted in a planned and systematic way. This will contribute to the vigorous development of the national economy.

Wang Daohan said: The economic combination of Jiangsu, Zhejiang and Shanghai is bound to draw in Anhui and Jiangxi, which have rich natural resources and great potential in agriculture.

In dealing with how the economic zone should be effectively started, Wang Daohan said: Proceeding from reality, we should do easier things first and then difficult ones in starting economic combination. In this connection, we should first conduct experiments. At present, we might as well start economic combination bilaterally, trilaterally or even multilaterally, in energy, transport, water conservancy, foreign trade and science and technology in order to achieve economic development through concerted efforts.

The administrative system and jurisdiction will remain unchanged. The output value and profit of a joint enterprise should be calculated separately. In a joint enterprise, the system of responsibility by the manager under the leadership of a joint enterprise or trade committee should be practiced. The parties of a joint enterprise should be mutually beneficial, learn from and improve one another and make progress together. The important thing to do now is to make good planning.

Wang Daohan finally said: Guided by the overall planning of the State Council Office for Planning the Shanghai Economic Zone, Shanghai will successfully build this economic zone along with fraternal provinces and cities.

FOREIGN TRADE

'JINGJI GUANLI' ON IMPROVING FOREIGN TRADE

HK050937 Beijing JINGJI GUANLI in Chinese No 3, 5 Mar 83 pp 8-11

[*"Economic" commentary by Zhou Keren [0719 0668 0088]: "Further Develop China's Foreign Trade"*]

[Text] At the 12th CPC National Congress it was reiterated that "keeping our doors open to foreign countries and intensifying economic and technological exchanges with them according to the principles of equality and mutual benefit constitute our country's firm and constant strategic policies." It was also proposed that "we should promote domestic products in the international market and greatly expand our foreign trade." In the spirit of these demands, the National Foreign Trade Planning Conference held in October 1982 studied the long-term perspective of our foreign trade development, that is, by the end of this century, our total imports and exports would increase 4-fold over 1980, reaching \$160 billion and averaging an annual increase of 7.5 percent. At the same time, the conference made studies and arrangements for the total amount of our foreign trade during the period of "the Sixth 5-Year Plan" to reach \$57.4 billion, an increase of 51.8 percent over 1980 or an average increase of 8.7 percent per year. Of this total amount, exports would make up \$27 billion, averaging an 8.3 percent increase per year, a rate higher than the growth rate of the national economy, while imports would make up \$30.4 billion, averaging a 9.2 percent increase per year, slightly higher than the 8.3 percent increase for exports. This year, both export and import trade will further increase on the basis of last year's performance with exports growing at a higher rate than imports. Such assumptions and planned targets are realistic, but by no means easy; we must make tremendous efforts to fulfill them.

Developments in Recent Years

Since the 3d Plenary Session of the 11th CPC Central Committee, there have been new developments in our foreign trade. In 1981, our foreign trade amounted to \$40.4 billion, showing a 100 percent increase over 1978 or a yearly increase of 26 percent on average and thus exceeding by far the average yearly increase for the period from the founding of the PRC to 1981. Of the aforementioned amount, exports went up to \$20.9 billion from 1978's

\$9.7 billion, showing a yearly increase of 28.9 percent on the average, climbing to the highest levels ever recorded in our history, representing 1.06 percent of the total world exports and covering 174 countries and areas in the world; imports went up to \$19.5 billion from 1978's 10.9 billion, averaging an annual increase of 21.4 percent. Last year, although commodity prices in the international market were continually dropping, the performance of our foreign trade was still fairly good with export value going up by 3.5 percent over 1981 and export volume going up by 8.6 percent; as to our import trade, consequent upon the further readjustment of the national economy and the drops in prices of the commodities imported from the international market, imports went down by 12.8 percent in value as compared with 1981 but were basically kept at 1981's levels insofar as import volume was concerned.

In recent years, our export trade has been able to develop fairly fast and to grow continuously in spite of the recession which has hit the capitalist economy for 3 consecutive years and in spite of the decline in both world trade value and volume for 2 consecutive years. The major reasons have been: On the one hand, the readjustment of the national economy and the development of our industrial and agricultural production have created more sources of goods suitable for export; the major export products have been raw materials and necessities of life and therefore have been relatively less exposed to the adverse effects of the economic crisis. On the other hand, since the 3d Plenary Session of the 11th CPC Central Committee, we have implemented the domestic policy of making our economy responsive and the open door foreign policy while as regards our foreign trade, the CPC Central Committee has formulated the guiding principle of "two types of markets, two types of resources and two sets of know-how" as well as adopting a series of correct policies concerning many issues such as expanding our exports, importing technology and equipment, making use of foreign capital, contracting to carry out projects abroad and cooperating with foreign firms by supplying labor. Pilot experiments have been carried out to reform the management system of foreign trade and thus the enthusiasm of all concerned has been aroused to develop foreign trade. In recent years, we have stepped up the work of coordinating the management of export and import commodities, emphasizing the importance of adopting a unified plan and a unified policy as well as uniting in dealing with foreigners and have thus given a great impetus to the healthy development of our foreign trade: we have adopted various methods which are flexible and commonly used in international trade and thus greatly promoted the development of our export and import trade. For instance, the form of compensation trade has been used quite widely. According to the statistics of 11 provincial and municipal departments of the textile industry, in the past 3-odd years, a total of 40 compensation trade contracts were signed, involving about \$0.1 billion of foreign capital: some of the projects have been put into operation and when all the projects become operational, there will be an increase of \$0.9 billion in output value and an increase of \$0.1 billion in export value. By adopting this form of foreign trade, we have markedly improved the quality of export commodities, expanded exports and increased our foreign exchange income. In short, the practice of past few years has consolidated the foundations of further developing our foreign trade and has provided us with a wealth of experience as well.

It should be pointed out that the growth of foreign trade has also contributed to the readjustment and development of our national economy. The major manifestations are: 1) It has promoted the development of our industrial and agricultural production. From 1979 to 1982, the import of about 2.7 million tons of cotton and fairly large quantities of chemical fibres, rubber, dyes and chemical raw materials accelerated the development of our textile and light industries. The import during the same period of 39 million tons of fertilizers, large quantities of agricultural insecticides and materials as well as good varieties of seeds and good breeds of livestock helped the development of our agricultural production. Besides, the large number of contracts we signed to process imported materials and assemble imported parts for foreign firms as well as other contracts of small and medium compensation trade deals brought into play our domestic processing capacity, made up for the deficiencies of some raw materials and increased our foreign exchange income. 2) It has helped to raise our technological level. For instance, in cooperation with a British firm, the No 2 automobile plant imported new technology for manufacturing engines, spending half a million pounds sterling; but within merely 3 years, the plant raised the efficiency of their engines by 10 percent and lowered their fuel consumption by 12 percent, thus saving 0.3 million tons of fuels per year according to a rough estimate made on the basis of its annual output of 30,000 cars. 3) It has helped to bring about brisk urban and rural markets and making the people's lives more colorful. In some 4 years, our country imported a total of over 5.5 million tons of grain, over 5 million tons of sugar and about 0.9 million tons of animal and vegetable oils; these imports, being favorable to the readjustment of our agricultural structure and contributing to adding new varieties and alleviating the burdens on peasants, have given our rural areas an opportunity to recover and develop a diversified economy as well as improve the people's lives. We have also imported consumer durables, which have played a regulating role in making up for insufficient production, boosting the market and offering the people a larger variety of goods for their livelihood. 4) It has increased the state's foreign exchange and financial income and accumulated funds. 5) It has created more jobs. At present, there are about 20 million persons in our country engaging in producing commodities for export. In our country, there are about 8,,000 [as printed] factories undertaking processing and assembling work for foreign firms and employing a total of over 300,000 persons. Moreover, this has enhanced our friendly intercourse with the peoples of all the countries in the world.

The Major Problems Facing Us at the Present Time

It is evident that in the past 4-odd years, we made quite great progress in our foreign trade. But considering the present situation and the requirements to be met for developing our foreign trade, we still have the following problems:

1. The composition of export commodities is at a relatively backward stage. In 1981, the exports of manufactured goods were slightly above the exports of primary products, making up 50.4 percent of the total exports in value as against 49.6 percent for primary products; among the manufactured goods, the major items were labor-intensive textile and light industrial products

and petroleum products while machinery and electrical products made up only 3.5 percent. In the same year, the world exports of machinery accounted for one-third of the total world export value while our machinery and electrical products made up only 0.14 percent; and chemical products (except petroleum) amount to only 0.42 percent. This kind of commodity mix is not suitable for meeting the requirements of developing our foreign trade under the new circumstances.

2. The quality of our export commodities is comparatively low. Quite a substantial part of the commodities we are currently exporting are medium- and low-grade products while the quality of a small part of commodities is not stable. That is why our products cannot sell at high prices on the international market and thus our foreign exchange income is low in spite of the large quantities of goods we are exporting. Taking earthenware and porcelain as an example, we are the world's biggest exporters by volume, but only in fifth place by value. The unit price of our ceramics is one-fourth of the price of the products made in Japan and one-seventh of the price of the products made in West Germany. The quality of some export commodities is not uniform and this has not only caused economic losses to the state but also tarnished our reputation. For instance, the statistics of several trading ports show that in 1981, over \$2.7 million damages were paid to foreign buyers because of the quality of exported commodities, losses due to returned goods and rebates not being included in this sum. This kind of situation must be changed as soon as possible.

3. The situation of transportation for foreign trade is strained. For a long time, goods for foreign trade have often been held in ships, ports and lorries. For instance, from May to September, 1982, the Ministry of Foreign Trade chartered a total of 101 ships to convey export goods from the port of Dalian, but every month only 32 ships were loaded and departed while there were generally over 20 lay days and were as many as 46 lay days in one case. This impeded us from receiving foreign exchange income in time. From July to October 1982, 25 ships carrying grain arrived at the port of Shanghai. But since the onland haulage could not take place in time and not enough storage space was available to store the grain temporarily, the ships anchored to wait for unloading. The lay days amounted to 275, representing an economic loss of about \$2.75 million. These problems have caused economic losses to the state, adversely affected the prompt fulfillment of our export and import plans and brought discredit to our country vis-a-vis foreign countries.

4. Sometimes, we failed to be united in our business with foreigners. Since 1980, we have carried out, on a trial basis, some reforms in the foreign trade system and have been successful on the whole in that these reforms have aroused the enthusiasm of all concerned and promoted the development of our foreign trade. But during the same period, phenomena such as overbidding to secure sources of domestic products and cutting prices to compete with each other in selling abroad have also emerged. Since last year, following the change in the style of work of our party and in the morals of our society, we have started cracking down on serious criminal activities in the economic

field and stepped up the work of coordinating the management of our foreign trade. As a result, the chaotic situation has taken a turn for the better. But very often, foreigners have still not been treated in a uniform way. This way of doing things has not only enabled foreigners to grow fat on the profits but also shaken their confidence in dealing in our products.

Moreover, insofar as our work in the field of foreign trade is concerned, we are currently still experiencing the problem of being unable to achieve great economic results. For instance, only a comparatively low percentage of export and import contracts have been honored and the inventories of goods for foreign trade have been increasing. The above-mentioned problems and weak links have impeded our foreign trade from further developing. Therefore, we must focus our efforts on achieving better economic results, and take realistic measures to solve these problems step by step and according to plan, with a view to ensuring that our foreign trade may develop healthily and fairly fast.

Several Tasks To Be Carried Out Properly in the Near Future

In order to further develop our foreign trade on a long-term basis, we must attend to issues having a bearing on the overall situation, determine the key links of strategic importance and realize new breakthroughs. The key links to be well-grasped this year and in the few years to come are:

1) Consensus of opinion is required. Since foreign trade is an integral part of the national economy and has a multiplicity of relations with other sectors of the national economy, the cooperation and support of other sectors is required to boost foreign trade. At present, a large number of enterprises devoted to the service of developing our foreign trade are playing their role in the development of the national economy. As construction projects are being launched in all sectors of the country, the energy, transportation and some other sectors badly need key construction projects to develop; there is also a great need to carry out systematic technical transformation in over 30,000 small and medium enterprises and this work requires us to import indispensable advanced technology and equipment. On the other hand, since making progress in science and technology is a prerequisite for the development of an economy, it is necessary to organize extensive international economic and technological exchange. All these needs indicate that in order to bring about a new situation for the "four modernizations," foreign trade must be expanded and the export trade must develop more rapidly. Without the export trade, it is impossible to import goods. As regards the export trade, we must observe the following principles: the export of all the commodities which are of vital importance to the national economy and people's livelihood must be arranged according to plan: as to commodities for which there is demand in both the domestic and international markets, we must set aside a part of them for export markets provided that we also increase their production; priority should be given to the export of commodities which are not absolutely indispensable to domestic consumption. For a country like ours, which has a large population but a comparatively backward economy, it is impossible to forgo certain things in order to export them. In a nutshell,

we must view the issue of foreign trade from a high plane to grasp its strategic significance and consciously support and promote the development of our foreign trade.

2) Developing the production of commodities for exportation. Increasing exports is the basis for developing foreign trade; in order to boost exports, we must make breakthroughs on the following fronts.

1. The export commodities pattern must be appropriately adjusted. The export commodities pattern must be adjusted in the light of the reality of our country as well as the demand on the international market so as to bring our strong points into full play. The state has decided that while developing our export commodities, we should, from now on, focus our efforts on raising the percentage of industrial and mineral products in the total export value. For instance, we should strive to substantially increase the export of coal within not too long a time by speeding up the exploitation of coal mines and by improving the condition of transportation. At present, petroleum (including petroleum products) amounts to about one-fourth of our total export value. Since it is unlikely that we will increase our petroleum output in next few years, we must stabilize the quantity of petroleum for exportation and try to export more once offshore oil deposits are exploited: the export of industrial chemicals should be developed; we must also systematically increase the export of the nonferrous metals of which we have comparatively large deposits and increase the export of machinery and electrical products. But at the same time, instead of slackening the pace of developing the production of some commodities we have been exporting traditionally, such as textile and light industrial products, handicraft products and various native products, we must further increase the export of these products. At present, only if we manage to increase the export of these categories of commodities, can we ensure that our export trade keeps growing steadily. While adjusting the pattern of our export commodities, we must forecast market trends in the light of the findings of in-depth investigations so as to adopt a development strategy for each individual commodity.

2. The quality of export commodities should be drastically upgraded. Competition on the international market is nowadays very strong. In the wake of recurrent economic crises in the capitalist world, protectionist trade policies are constantly gaining ground in the Western countries. Meanwhile, as a result of the development of productive forces, there is a growing demand for manufactured goods on the international market and consumers are more and more particular about the standard of commodities, paying more attention to their style, design and to changes in fashion. Only those competitors who are in a position to upgrade the quality of commodities in various ways, including regularly introducing new designs and varieties, improving on packing and packaging and offering better after sales service, will come off best. At present we are carrying out nationwide enterprise consolidation and technical transformation. We should avail ourselves of this East Wind to

properly make overall arrangements for upgrading the quality of our export commodities and to take appropriate measures with a view to attaining this objective within a prescribed period. At the same time, the foreign trade department should help the production department adopt measures to upgrade quality and, in cooperation with the trade inspection department, step up the work of quality control on export commodities so as to keep a close watch over their quality.

For the purpose of upgrading the quality of our export commodities we must produce them according to international standards. At present, the technological standards of quite a few of our products are below international standards; that is why the quality of our products will still not be high if they are manufactured according to our standards even if they are perfectly up to our own standards. Therefore, whether we should adopt international standards is an issue which directly concerns the competitiveness of our products on the international market.

3. Tapping more supply sources for goods suitable for selling on our export markets. In the past 10 years, we have set up, step by step, 24 production bases manufacturing a wide range of export commodities, 90 production bases manufacturing single export commodities and 94 specialized factories and mines: in 1981, they provided export goods amounting to as much as 9.25 billion yuan, representing 22 percent of the total value of procurement for foreign trade in that year, and thus played an important role in the development of our export trade. In future, we must build more such bases and specialized factories and, as provided for in our development plan, always focus our efforts on raising the quality of our products in various ways including introducing new designs and varieties, encouraging the replacement of lower grade products by higher grade ones, and creating famous brands, so as to make our products suit consumers' taste and thus enhance the competitiveness of our products on the international market.

Moreover, we should bring into play the superiority of our large coastal cities, giving them a larger amount of autonomy in engaging in economic activities relating to foreign trade, such as processing more imported materials for foreign firms according to the demand on the international market and doing a good job of importing technology and attracting foreign capital.

4. Greatly promoting our export commodities by opening up new markets. At present the international market is still sluggish and this is unfavorable to the development of our export trade. In the face of this situation, we must, while making further use of some marketing methods which have proved effective in the past, strive to make new improvements so as to increase our sales substantially. We must consolidate and extend our sales networks abroad, bringing into full play the role of foreign distributors and agents. The price of an export commodity should be adjusted to the prevailing market price levels. Foreign trade may take multifarious forms, such as direct trade, barter, reexport trade, bilateral trade and multilateral trade. Business

transactions may be conducted flexibly and in many ways; payment terms and other trade conditions may be determined flexibly as is appropriate for each particular case. In short, we may adopt all kinds of flexible trade forms, as long as they conform to our foreign policy and to the principle of equality and mutual benefit.

While stepping up the work of marketing our export commodities, we must, on the one hand, consolidate our position in our present export markets and increase our market share, and on the other hand, reconquer lost markets and open up new markets. Opening up new markets is not limited to selling to countries and areas which have not imported our commodities yet, but also includes many forms of economic cooperation which will help boost our exports, such as contracting to carry out construction projects abroad, cooperating with foreign enterprises by providing them with labor and so forth. This is a new channel of expanding our export trade and greater efforts should be made to push on with our study and work in this regard.

3) Constantly improving transportation conditions for foreign trade. In order to further develop our foreign trade, there is an urgent task to be done immediately, that is, relieving the strains on the provision of transportation services to our foreign trade. Since the state is now taking steps to speed up the construction of ports and railways, we believe that with the cooperation and support of the departments concerned, the strains on the provision of transportation services to foreign trade will gradually ease off and disappear and thus unobstructed conveyance of goods will be ensured at all foreign trade transportation links.

4) Doing a good job of the import trade by not missing any opportunity. The import trade is an important aspect of foreign trade. The very objective of our export trade is to enable us to import the technology, equipment and materials required for the socialist modernization construction, so as to accelerate "the four modernizations," let our country enjoy a higher degree of self-sufficiency and improve the people's livelihood. During the period of the "Sixth 5-Year Plan," we must improve on our import pattern in the light of the requirements of our national construction by suitably raising the percentage that new technology and key equipment take in our total imports. As our economic construction progresses, the demand for imported goods will become greater in the years to come. This requires those engaging in the import trade to undertake necessary investigations and to buy the goods required by the state as soon as the opportunity arises.

5) Persisting in uniting ourselves in dealing with foreigners and in making our foreign trade flexible. The report to the 12th CPC National Congress says that in foreign trade there is a need for "adopting a unified plan and a unified policy as well as uniting ourselves in dealing with foreigners." This is the guiding principle of our foreign trade to become flexible without being chaotic. In order to better apply this principle, we must sum up the experience gained in the past year in uniting ourselves in dealing with foreigners so as to ensure healthy development of our foreign trade through adopting additional and better measures for managing and coordinating our foreign trade.

FOREIGN TRADE

HONG KONG BANKERS SUPPORT HAINAN DEVELOPMENT

HK040246 Haikou Hainan Island Service in Mandarin 0330 GMT 3 May 83

[Text] A group of 27 directors and deputy directors, managers and deputy managers of 14 banks of Hong Kong and Macao and their entourage satisfactorily completed their visit to our district and left Haikou for Zhanjiang yesterday morning. During their stay, persons in charge of the 14 banks of Hong Kong and Macao have visited places and units like Haikou, Sanya, and Xinglong overseas Chinese farm. They found a new experience in whatever they saw and heard. Speaking glowingly about their impressions, they said, Hainan has undertaken construction for 30 years since its liberation and has laid certain foundation in its economy. At present, the Central Committee is showing great concern over the exploitation and development of Hainan and is giving energetic support. We believe it will not take very long before great changes take place in Hainan. This will offer great attraction to Hong Kong, Macao and the world. The bankers are willing to provide capital for the exploitation and development of Hainan, and act as its matchmakers.

Jiang Wengui, deputy director of the Bank of China and chief executive of its branch in Hong Kong, and Zhuang Siping, a well-known figure in Hong Kong, and director of Nanyang Commercial Bank and others expressed that it is their bounden duty to support the exploitation and development of Hainan. They will give support to those projects which have already been decided upon and will be sure of success. If Hainan is short of capital, they will give energetic support; if it is short of technology and equipment, they will help to import it. They will do their best to be good matchmakers when they return and render service to the exploitation and development of Hainan. The bankers have also offered many important opinions on the principle, key projects, markets and use of foreign capital in the development of agriculture and industry in our district.

CSO: 4006/493

FOREIGN TRADE

STATE COUNCIL APPROVES SHANGHAI TRADE REPORT

0W040535 Shanghai City Service in Mandarin 2300 GMT 26 Apr 83

[Text] Recently the State Council approved the Shanghai Municipal People's Government's report requesting instructions on several questions concerning foreign economic relations and trade. The report gives Shanghai greater decisionmaking powers in utilizing foreign capital, important technology and conducting foreign trade and reforms accordingly to the state's management systems of Shanghai's financial revenues, taxation and credit loans, thereby creating the vital conditions for the national economy and social development of Shanghai to open up a new phase in (?economic expansion to foreign countries and cooperation with other localities in the country) and in transformation and development.

According to the report approved by the State Council, Shanghai, with the greater decisionmaking powers, will actively carry out reforms with special emphases on developing joint capital management, cooperation management, lease trade, development investment, and other effective forms of trade practiced internationally. Shanghai will be solely responsible for borrowing and repaying the foreign capital the municipality utilizes, except for the state special fund. Shanghai will also be given greater decisionmaking powers in utilizing foreign capital to import technology and equipment and in reviewing and approving the domestic plants that need these imported technology and equipment. Shanghai harbor will be given expanded decisionmaking powers in concluding transactions with foreign countries. Shanghai may utilize local foreign exchanges, the foreign exchanges (?that the municipality has retained as a portion of profits from foreign trade), foreign exchanges the municipality has raised itself, or foreign exchange loans to directly import materials needed for production and include the importation into the state plan.

The State Council also approved recently Shanghai's experimentation in greater decisionmaking powers in importing technology to transform small and medium-size enterprises, concurring with Shanghai's plan to utilize a considerable amount of foreign capital and import 1,000 items of technology during the last 3 years of the Sixth Five-Year Plan in order to carry out technical transformation of a number of small and medium-size enterprises. The State Council also approved the foreign exchange needed for importing 240 items in 1983.

Shanghai will use this foreign exchange to especially import advanced technology and key equipment in precision alloy, engineering plastics, electronic technology, precision machine tools, household electric appliances, photography materials, food processing and (?textile manufacture). Shanghai will be given full responsibility in mapping out the details for the importation but will have to report them to the central departments concerned for the record.

CSO: 4006/492

FOREIGN TRADE

REGULATIONS ON FOREIGN SHIPPING ON YANGTZE

OW301122 Beijing XINHUA in English 0152 GMT 30 Apr 83

[Text] Beijing, 30 Apr (XINHUA)—The Ministry of Communications recently issued regulations for foreign ships navigating the Yangtze River and calling at Zhangjia and Nantong harbors in Jiangsu Province which have been opened to foreign ships.

According to the 20-article regulations which came into effect on April 20, foreign ships may navigate the channel between the mouth of the Yangtze and Zhangjia harbor upstream after approval by China's harbor control authorities.

Foreign ships entering the inland waterway are subject to inspection by quarantine, harbor administration, border posts and customs and are required to use pilots of the harbor administration. These departments have the right to exercise supervision on board if necessary.

Foreign ships must abide by the regulations issued by the Ministry of Communications concerning navigation, anchorage, avoidance and the use of signals and radio.

Foreign ships on the Yangtze River are not allowed to take photographs, draw sketches, or make recordings using a video taperecorder or survey and draw military establishemtns or military vessels. Shooting, swimming, fishing or letting-off of firecrackers or fireworks are also prohibited.

Foreign ships navigating the designated section of the river are also not allowed to discharge or discard oil or waste matter containing oil or other matter causing river pollution.

They are not allowed to carry cargo or passengers between Yangtze ports including Shanghai harbor or engage in other business without approval.

CSO: 4020/74

FOREIGN TRADE

BRIEFS

QUANZHOU PORT REOPENING FOR FOREIGN TRADE--According to a report by this station's correspondent, Guanzhou port, which was reopened to foreign countries on New Year's Day, 1983 with the approval of the State Council, today received for the first time a 5,000-dun freighter from Thailand. Guanzhou port, originally named Sichong port, is located on the western coast of the Taiwan Strait. The port was very prosperous during the Southern Song and Yuan dynasties and was an important port for foreign trade in our country in the Middle Ages. It was temporarily closed to foreign countries in 1959 because of tense situations in the Taiwan Strait. In order to meet the new situation in national economic development, the provincial departments concerned have stepped up the construction of the port in recent years. At present Guanzhou port has two 500-dun piers and five anchorages which are capable of providing berths and anchorage operations for three 3,000-dun freighters and two 5,000-dun freighters simultaneously. The reopening of Guanzhou port has an important bearing on the tasks of making the province's economy prosperous, speeding up the construction of the hometowns of Overseas Chinese and promoting an early return of Taiwan to the motherland. [Text] [OW022301 Fuzhou Fujian Provincial Service in Mandarin 1120 GMT 1 May 83]

FOREIGN INVESTMENT IN SHENZHEN--In the first quarter of this year, Shenzhen Special Economic Zone made continuous headway in the work of bringing foreign capital in to the zone. A total of 110 new contracts were signed in the period, with the amount of investment reaching HK\$230 million. Among them were 4 contracts each of which involved an amount of investment exceeding HK\$10 million, and 24 contracts which have been signed yet to be approved. Another 17 contracts are still being discussed. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 19 Apr 83 HK]

CHONGQING HANDLES FOREIGN TRADE--Guangzhou--Sichuan Province's city of Chongqing is directly handling trade with foreign businessmen at the Spring Commodities Fair now being held in Guangzhou. It is the first time that the city has managed its own export and import trade. In the past its foreign trade would have been handled by state trade departments. Chongqing is aiming to strengthen its position as the regional economic centre for the upper reaches of the Yangtze River. It is the largest industrial and commercial city in southwest China, which is linked to other major cities and ports by three railways, six highways, air routes and the Yangtze River. After more than 30 years of economic construction, it has developed machine-building, textiles, chemicals, pharmaceuticals and metallurgical industries. [Text] [HK260141 Beijing CHINA DAILY in English 26 Apr 83 p 2]

BEIJING FOREIGN FUNDED PROJECTS--Beijing, 3 May (XINHUA)--Beijing has already put into operation three-fourths of the 364 projects with foreign funds in the past four years, according to the municipal economic construction corporation specialized in foreign economic cooperation. Included are four tourist hotels that can handle 160,000 tourists a year, updated seven foodstuff factories, 20 cotton and woolen mills and printing and dyeing plants and added 30 production lines. Beijing's garment factories have imported over 5,000 pieces of equipment to raise work efficiency. The city has set up 53 production lines for TV sets, computers, cameras, electronic devices and meters and instruments. China's capital is also using foreign funds to help save energy, control industrial waste and modernize heavy industrial plants. Three joint ventures account for an aggregate investment of 100 million U.S. dollars, 79 items are compensation trade with a total investment of 240 million U.S. dollars, nine items are coproduction and technical cooperation, as well as 180 million U.S. dollars in 166 bank loans. [Text] [OW031030 Beijing XINHUA in English 0727 GMT 3 May 83]

CSO: 4020/74

TRANSPORTATION

HAINAN'S AIR TRANSPORTATION TO BE IMPROVED

HK040429 Haikou Hainan Island Service in Mandarin 0330 GMT 3 May 83

[Text] Guo Hao deputy chief of China Civil Aviation Bureau and (Du Guoguang), secretary of the CPC committee of Guangzhou Civil Aviation Bureau, and a group of 10 people arrived in our region on 27 April to make an investigation tour of Haikou, Sanya and other places. Upon his departure from Haikou the day before yesterday, Guo Hao gave an interview to newsmen at Haikou Airport and made a statement on stepping up the development of air transportation in Hainan. He said: As Hainan is to speed up development and open up to the world, it is a matter of great importance to solve its problem of air transportation. Departments of our civil aviation will take effective measures to strive for some improvement of Hainan's air transportation in the shortest possible time. Aircraft on the routes to Hainan will be gradually replaced by large and medium-sized airplanes. In the arrangement of routes, apart from Haikou to Guangzhou, consideration will be given to opening new routes from Sanya to Guangzhou and from Haikou to other cities in the mainland, and intra-island routes will also be established. It is expected that air traffic between Haikou and Hong Kong will commence in the near future after efforts made by all parties concerned. Discussion on the investment in the transformation and expansion of the Haikou and Sanya airports has been going on with departments concerned, and it is believed that the problem will soon be well settled. These two airports will be adapted to receive large-type aircraft when some technological improvements and expansion are completed. Also consideration is being given to setting up small airports in Danxian Yangpo and other places.

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